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Policy Review

Tilting at Windfall Profits
WILLIAM E. SIMON

The Coming Welfare Crisis
GEORGE GILDER

Will West Germany Stay in Step?
ROBERT STRAUSZ-HUPÉ

Should Conservatives Spend More?
JAMES T. BENNETT
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The Unnewsworthy Holocaust
WILLIAM ADAMS
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Letters to the Editor

Dear Sir:

Colin Gray is right in his conclusion (SALT II: The Real Debate, Fall 1979) that, despite all SALT II's obvious defects and imbalances, the main thing to grasp is that only its outright rejection could create the climate for the Western strategic turn-around on the grand scale that is now mandatory. This is especially the case in Europe where, however, the shock would be far greater because the Soviet military threat is closer and "detente" has eaten deeper.

For the majority of Europeans, especially in the weaker countries, the bottom would fall out of a world insulated from increasingly harsh strategic realities by two decades of addiction to illusions. Fortunately there is also a numerous and robust minority which would be relieved and invigorated by the challenge. But they would be hard put to stop a slide into panic diplomacy under the Soviet psychological warfare megatons.

It would be a close-run thing; yet, in view of the awful alternative and also of signs of a real change in the political climate, a gamble worth taking. I refer not only to the growing national feeling and defense-consciousness in America. Even more so in Britain, too, the new Conservative Government, returned with a clear majority and a mandate to reverse national decline at all levels, is setting about the task with exemplary vigor and consistency.

That this applies as much to defense as to the economy is demonstrated by the fact that Britain, in addition to its wide existing range of nuclear and conventional commitments to NATO, has made no bones about accepting 160 GLCMs – and that without any of the cavilling that has been universal on the Continent.

There has been a similarly forthright response from the West German Opposition led by Herr Strauss. While respecting Herr Schmidt's efforts to hold his own against the powerful pacifist-neutralist leftwing of his Social Democrat party, one cannot but hope that Herr Strauss will win the absolutely crucial Bundestag elections next autumn and thus put the European turn-around firmly on the road and also ensure against Ostpolitik adventures.

Colin Gray is also right when he says that the continuous Western enthusiasm for SALT needs to be explained by a psychologist rather than a defense analyst. In the nuclear age the former may be even more important than the latter. In the matter of the neutron weapon the psychologist "antis" beat the establishment "pros" hands down.

In a nuclear-age alliance neuroses increase in direct ratio to numbers. The popular outcry against the neutron weapon was rather like the patient's fury when the psychiatrist leads him back to cold reality out of the sheltering illusions of his complexes.

What the Europeans want is deterrence provided by weapons that are so totally "non-warfighting" as to be unusable. The existing old and dirty tactical nuclear

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weapons fitted admirably. As they could well do more damage to friend than to foe, the Europeans were happy in the comforting certainty that they would never be used. At the same time the Europeans persuaded themselves that these weapons, although "incredible" to them, somehow remained "credible" to the Russians.

These cozy assumptions were shattered by the neutron weapon, tailor-made to cause maximum loss of life and damage to foe and minimum to friend. This made it useable and, alarmingly, credible to friend as well as to foe. The fact that it was a vastly superior deterrent was not considered relevant.

The same attitude is responsible, however subconciously, for objections to the proposed new long range theatre weapons. The Russians, it is felt, had accepted the existing, more-damaging-to-friend-than-foe type weapons. So why upset them by introducing the nasty credible newfangled stuff?

Deeper down is the desire to push as much as possible of the responsibility for the defense of Europe onto American strategic weapons. SALTs are trade guarantees, from both sides of the market, that everything is okay and money will be refunded if not satisfied.

America, in negotiations with the Europeans on these matters, will need great skill, superhuman patience, and the ability, when necessary, to put the fear of God into the Europeans as much as into the Russians. It might be a good thing to resuscitate Senator Fulbright, somehow contriving to make him terrifyingly credible to Europeans while ensuring that he remains totally incredible to Americans.

R. H. C. Steed
Daily Telegraph
London

Dear Sir:

Colin Gray ("SALT II: The Real Debate" Fall, 1979) suggests we must reject the SALT II Treaty to generate the support needed for a radical response to a Soviet threat unconstrained by SALT. A closer look at the issues reveals the fundamental shortcomings of his argument.

First, does SALT II constrain the Soviet Union in a meaningful way which will serve our own national security interests? Secretary of Defense Harold Brown has testified that this nation would face a substantially larger threat without SALT II than with it. Without it, according to the Secretary of Defense, we could face 30 percent more total missiles and bombers, 50 percent more MIRVed strategic missiles, 75 percent more MIRVed ICBMs, and more than double the number of silo-killer warheads. In particular, since the Joint Chiefs of Staff have pointed out that none of our strategic programs will be effectively constrained by the treaty package, it makes little sense not to significantly limit the Soviets while leaving the U.S. unfettered.

Second, we need SALT to manage our defense programs more effectively. The Joint Chiefs of Staff testified that the unrestrained strategic competition we would face without SALT would delete

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resources needed for our conventional forces – no matter how much more we would commit to defense. The rejection of SALT would distract our attention and our resources from the capabilities we need to have to meet the demands of Soviet adventurism around the world.

Third, the rejection of SALT would also diminish our knowledge of the threat we would face and must defend against, because the Soviet strategic buildup would be less predictable in the absence of SALT restrictions on Soviet weapons and SALT prohibitions against concealment from our national technical means of observing them.

Fourth, Mr. Gray refers to the dangers of euphoria under SALT. I submit that the rejection of SALT could bitterly polarize Americans about the most critical policy issue of our time – our national security. A minority can defeat SALT but we must rebuild a stable working majority on national security matters if we are to maintain our military strength. Regardless, the decisions to go with the MX, to meet the commitment to increase defense spending by 3%, and to modernize theater nuclear weapons clearly indicate that Mr. Gray's predictions about euphoria and appeasement are on shaky ground.

Gary Hart
U.S. Senate
Washington, D.C.

Colin Gray replies:

I would like to offer a brief response to the letters by Mr. Steed and Senator Hart commenting upon my article.

Mr. Steed, I believe, is exactly correct. His letter is a very significant British contribution to the SALT II debate, and I hope that it is read (and pondered) widely in the United States. Unfortunately, I also agree with Mr. Steed that vis-a-vis the push to defense versus the pull to appeasement) "[i]t would be a close-run thing."

As an Englishman living in the United States, and working within the U.S. defense community, I have noticed that far too many of my friends and acquaintances here are unduly sensitive to potential charges of "ugly Americanism." In matters that bear upon international security, many Americans are far too polite in their face-to-face interactions with the citizens of allied countries. It is true that the defense of NATO-Europe is a vital American national interest, but that interest pales in comparison with the NATO-European interest in their own defense.

The United States, at the government-to-government and at the citizen-to-citizen level, should have no truck with (NATO) policy urges which are military nonsense. A very large fraction of U.S. defense expenditure is driven by the putative needs of NATO-European defense – the U.S. has every right to insist that NATO policy not be skewed in military irrational ways by what amount to half-baked or even – in some instances – actually treasonably motivated opinions that lurk within the ranks of some governing political parties in Europe.

Pacifism and treason in NATO-European political life cannot be accommodated – one cannot "strike a bargain" and offer, say,

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300 or 200 modernized deep-strike theatre-nuclear delivery systems (instead of the proposed 572). The far left in Europe wants as little real defense as possible. Mr. Steed may not endorse all, or even many, of the thoughts expressed here, but at least I am confident we agree that there is a tougher, more resilient NATO-Europe, than often is perceived by Americans.

Senator Hart's letter is, I am sure, as sincere and thoughtful, as I believe it to be in error. His letter is such a standard pro-SALT II pitch that I am afraid of boring readers with a detailed, and surely familiar response. I will be as brief as possible.

(1) Senator Hart, citing Secretary of Defense Harold Brown as his authority, claims "that this nation would face a substantially larger threat without SALT II than with it." My response is as follows: duly licensed by SALT II, the Soviets can develop all the military threat that they need against our military and civilian targets (i.e., even if the Senator is right, it does not much matter); next, it is not at all obvious that the Soviets have the amount of "slack" in their high-technology production potential that the Senator (and Secretary Brown) suggests; and finally, this claim virtually amounts to an admission of (successful) blackmail.

(2) The Senator claims that "it makes little sense not to significantly limit the Soviets while leaving the U.S. unfettered." Is it even half-way plausible that the Soviet Union we know so well would place itself in such a condition? For the record, SALT II has already (just in prospect!) driven the Carter Administration to select a technically highly suspect basing mode for the MX ICBM (the so-called "racetrack," or "closed loop arrangement"), while the initiation of SALT III negotiations could well derail the MX program altogether. In addition, the "counting rules" for SALT II have malign implications for any ALCM deployment by NATO-European countries. More generally, SALT II, following SALT I, counts the wrong things – launchers, rather than missiles or payload. Finally, the Soviets are not fettered in any important way *vis-a-vis* strategic missions for the period 1980-85.

(3) Senator Hart raises the old *canard* of how an "unrestrained strategic competition" would "delete resources needed for our conventional forces." Absent SALT II, the strategic competition would not be unrestrained, of course. The strategic competition was legally unrestrained prior to March 1972 and I do not recall dire consequences that flowed from that fact. If the kind of strategic forces (offensive and defensive) build-up that I would like were to "delete resources needed for our conventional forces," then the Congress and the Administration would be guilty of grave neglect of the national interest. As I said, several times, in my article, I believe that our military security condition is becoming sufficiently parlous that we need to make a "non-incremental" response – and that includes a budgetary response. We lost a generation of military modernization as a consequence of the way in which the Vietnam War was mismanaged, and we continued to lose ground thereafter because of a fallacious arms-control ideology.

I repeat my argument that endorsement of SALT II has to en-

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courage a "business as usual" spirit in the West – Mr. Carter's three percent defense budgetary increase really makes my point for me.

Dear Sir:

Ernest van den Haag ("Should the Government Subsidize the Arts?" Fall, 1979) correctly assesses the value of elitism in the arts: quality should not be compromised to achieve popular support and government subsidies. But he carries his arguments to incorrect and extreme conclusions. Either as a result of having to elbow his way through the Met on a Sunday afternoon or having an extremely narrow view of what constitutes a subsidy, van den Haag concludes there is nothing wrong with returning possession of the arts to the wealthy elite.

Examine the word "subsidy." What is the $23 million the Baltimore Colts owner, Robert Irsay, is demanding from the governments of Baltimore and Maryland in stadium renovations – for his hope to "bring the fans back" and presumably make a bigger profit? Or New York City's purchase and $100 million renovation of Yankee Stadium, or the $163 million spent on the Louisiana Superdome? (The entire National Endowment for the Arts budget for FY75 was $74 million.)

Magazines and books receive preferential postage rates, the value of which was recognized by Benjamin Franklin, who believed the nation was well served by an unrestricted flow of information. But it's still a subsidy.

Churches (from the Catholic Church to the Moonies) have used their tax-exempt status to extraordinary advantage, amassing huge real estate holdings and other wealth.

Our museums and performing arts *are* intertwined with the fabric of our social and political life. With 10 million visitors a year, the Smithsonian's Air & Space Museum is said to be the busiest museum in the world; Wright, Lindbergh and Armstrong *are* Americans. Chicago's Museum of Science & Industry and the Ford Museum in Dearborn have inspired generations of youth to pursue the technical fields in which the United States excels.

Pianist Van Cliburn, a second-rate artist in the eyes of many music critics, became a household name through the *political* ramifications of his Tchaikovsky Competition victory in Moscow at the height of the Cold War – complete with a New York City ticker-tape parade, appearances on "What's My Line?," and so on.

If the arts are "socially irrelevant," would advertisers use Arthur Fiedler and Roberta Peters to sell orange juice, Grant Wood's farmers from "American Gothic" to put corn flakes on the breakfast table, Alexander Calder to decorate Braniff's air planes, or Luciano Pavarotti to push American Express cards?

Don't worry about the Isaac Sterns, Van Cliburns and Mikhail Baryshnikovs getting your tax dollars. Not only do the full houses they attract pay for their fees, but their names help to sell other events on subscription series as well. The typical symphony musician, ballet dancer (during his brief career), opera chorus singer, or legitimate stage performer does well to earn

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what the average American worker earns.

Several polls including Louis Harris Associates, have shown that between 60% and 70% of the population would use a "check-off" on the IRS Form 1040 to contribute to the National Endowment for the Arts *over and above* what is taken out of their taxes.

James Benfield
Washington, D.C.

Dear Sir:

Ernest van den Haag has provided some interesting points on the abstract subject of "governments supporting art," but I feel that if he had a better idea of how the National Endowment for the Arts works; a clearer picture of how the arts – a labor-intensive growth industry – are growing all over America (and the financial difficulties they face); and if he focused more on the role the arts are playing and can play in our national cohesion, and less on the role they have played; then he might modify his conclusion and agree that it is appropriate for our government to help create a climate in which the arts can flourish so that they may be experienced by everyone.

The Endowment acts as a catalyst. By requiring matching private dollars for its grants, partnerships are engendered, local level support is tapped, community interest is spurred and organizations improve their fundraising abilities and insure their independent survival. Further, the grantees are selected by panels of artists and arts experts, not by government workers. These panels are rotated annually to insure impartiality and a continually refreshed view of the field. This is different from what Mr. van den Haag refers to as subsidizing government-selected art.

The Endowment's budget has grown dramatically since its inception;[1] but it began small, is today roughly .00026th of the federal budget, and, over the past decade, has not kept pace with the growth of the arts constituency.[2] Not-for-profit cultural activities are plagued as never before by earnings-gaps,[3] while the percentages of unearned income from federal sources are on the decline. Audiences have increased tremendously,[4] yet there are still many who express a desire to have access to the arts who do not. These figures and factors point to one thing: the arts are coming to be appreciated as an essential, an indispensible, not a tacked-on frill;[5] and their abiding value and ability to provide something, as Lewis Mumford said, "as essential to man as his daily bread" are being recognized.

The Government's role – through the Endowment – as a catalyst, a junior partner, in the arts world is best spelled out in the enabling legislation (which I helped prepare back in the early 60s) . . .

> "The encouragement and support of national progress . . . in the arts, while primarily a matter for private and local initiative, is also an appropriate matter of concern to the Federal Government; and . . .
>
> "the practice of art requires constant dedication and devotion and that, while no government can call a great artist into existence, it is necessary and appropriate for the Federal Government to help create and sustain

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not only a climate encouraging freedom of thought, imagination, and inquiry, but also the material conditions facilitating the release of this creative talent."

Livingston L. Biddle, Jr.
Chairman
National Endowment for the Arts
Washington, D.C.

1) From $2.5 million in 1965 to $154.4 million in 1980.
2) Since 1965, number of Professional Symphony Orchestras has grown from 58 to 144; Professional Opera Companies from 27 to 65; Professional Theater Companies from 22 to 270; Professional Dance Companies from 37 to 200; State Arts Agencies from 7 to 56, spending today $80 million in state appropriated funds to support the arts, rather than the $4 million of 14 years ago; and Community Arts Agencies have grown from 150 to 1,800.
3) Theaters are estimated to earn 65% of their operating expenditures; dance 58%; orchestras, 55.5%; opera companies, 52%.
4) Opera audiences, for instance, were estimated at 1.7 million in 1964; 4.6 million in 1969; and 9.2 million in 1977.
5) A nation-wide 1975 survey conducted by the National Research Center of the Arts found that 93% of those interviewed felt that theaters, museums, concert halls, and the like were important to the quality of life in a community.

Ernest van den Haag replies:

I appreciate Mr. Biddle's comment and, as instructed, I have tried to focus on the role "the arts are playing in our national cohesion." Yet I am unable to modify my conclusions.

The Endowment "acts as a catalyst and requires matching grants and thus spurs fund raising and community interest." No doubt "the grantees are selected by panels of artists and art experts, not by government workers." But who selects these panels? And what justifies their expenditures of money taken from taxpayers who should be allowed to make their own selections? (On the selection process and the resulting selection, I refer the reader to Ronald Berman's brilliant "Art vs. the Arts," *Commentary*, Nov. 1979. Unfortunately he more than confirms my apprehensions.)

Mr. Biddle suggests that the Endowment's budget has "not kept pace with the growth of the arts constituency." Isn't the "arts constituency" in large part the creature of the Endowment's budget? Isn't Mr. Biddle using the budget to create the constituency while justifying the budget by the constituency it creates? Although popular in Washington, this method of justification seems a little circular.

"Not for profit cultural activities are plagued as never before by earnings gaps." I should think that this indicates that people are unwilling to pay for the cost of what they are given – a signal for reducing the cost, or the offerings. Mr. Biddle regards the gap as a signal for further federal subsidies. Why? "Audiences have increased tremendously . . ." Surely more is sold of anything at subsidized prices than otherwise. But the fact that "there are still many who express a desire to have access to the arts and who do not" no more justifies a subsidy than the fact that there are still many who would like to have access to caviar or flowers and do not, would justify a subsidy

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to producers of either.

If "these figures" (indicating the popularity of art) show that art is "essential" or "indispensable," would figures showing the popularity of beer show that it is "essential" or "indispensable" and deserving of a government subsidy? If not, why are people willing to pay for beer but not for the more "essential" art? And why is the government willing to subsidize art? Perhaps "art is essential to many as his daily bread." But man volunteers to pay for his daily bread with his income; if he does not volunteer enough for art, in the eyes of the government, should the government take the money from him and give it to the art producers?

It is not the task of a democratic government to decide for the people what is essential to them and to buy it for them with money taken from them – when people could, if they so desired, purchase for themselves what the government provides. Public expenditures are justifiable when they provide something needed that could not (or not efficiently) be provided by private expenditure. I can't see how the grants or activities of the National Endowment can be so justified.

Arguments for the arts are not arguments for government support of the arts, even if the latter are "essential" – and to some people they are. Why should the man to whom music is essential not pay for it? But why wouldn't he? I share my correspondents' liking for the arts, but not their liking for government subsidies. I wonder whether some politician next will want to subsidize sex: It is popular, "essential . . . yet there are still many who express a desire to have access . . . who do not."

Mr. Benfield is right on the facts, which I did not fully and accurately describe, for which I apologize. But I cannot agree with his interpretations.

Baseball. Mr. Benfield correctly points out that baseball is often indirectly subsidized by local governments. This does not argue, as he implies, for a federal subsidy of baseball – or of the arts. (As I suggested, the case for baseball would be stronger in terms of social cohesion.)

Local governments mainly subsidize baseball for competitive reasons: to bring employment and (taxable) income by drawing it away from somewhere else. New York thus may compete with New Jersey. With whom is the federal government competing? What is the social advantage of drawing people from Oshkosh to Washington? Without the subsidies there would be no less baseball. The players might be paid less or the spectators would have to pay more. This would leave me unmoved – I can't see why taxpayers should be compelled to subsidize either.

Magazines and books. Mr. Benfield correctly notes that since Benjamin Franklin taxpayers have subsidized the transportation of printed materials via low postal rates. This subsidy now mainly benefits advertisers, either directly (via junk mail) or indirectly (via the advertising content of magazines, etc.). I favor the withdrawal of this subsidy. (Subscriptions to magazines might become more expensive, but the distribution of books would hardly be affected.) I cannot see why taxpayers must subsidize magazine, baseball, or opera fans.

Churches. Exemption from taxes is sometimes called a subsidy. This

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is a silly bit of wordplay. We do not say that Mr. Benfield is subsidized if the government fails to take away as much as of his income as it could. Churches are tax exempt. I do not object to such an exemption (not taking money) for the arts either. I object to a subsidy (giving money). Mr. Benfield, finally, is quite right in pointing out that many museums are popular, that advertisers use public personalities because they are popular, sometimes including artists. But why does the popularity of the arts argue for subsidies? If they are so popular, why must the arts be subsidized? Indeed Mr. Benfield points out that according to polls many people are willing to volunteer contributions to the arts. If they do mean it, this would make subsidies superfluous.

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Tilting at Windfall Profits

WILLIAM E. SIMON

"There are ten thousand stout fellows in the streets of London ready to fight to the death against Popery," observed Dr. Johnson, "though they know not whether it be a man or a horse." A similar state of affairs reigns in Washington, D.C. There are ten thousand stout fellows in the Carter Administration ready to do and dare against windfall profiteering in the oil industry – though they know not whether it be a man, a horse or, as I will argue here, a dragon (which is to say, a mythical beast).

But let us look first at the economic history of the notion. According to Mr. Arthur Seldon, the author of that indispensable little guide, the *Everyman Dictionary of Economics*, it was Keynes who invented the term "windfall profits" to describe those entirely unforeseeable economic gains which accrue to people *as a result of inflation*. Here is a Keynesian argument which contains some truth. Inflation is a mixed curse. Not only economically and socially disruptive in general, inflation also inflicts disproportionately severe hardships on some groups and confers actual economic advantages on others. It does so, moreover, in an arbitrary, capricious and unforeseeable fashion.

Debtors, for instance, benefit from inflation, which reduces the real cost of repaying debts. So do owners of those forms of property which rise in value as investors desperately seek a hedge to shelter them from the inflationary whirlwind. Houses and objets d'art are usually safe investments against inflation – but not invariably. Hence, the arbitrary windfall element in their gains. On the other hand, creditors lose by being paid back in a devalued currency. In effect, they have been paying the debtor for the privilege of lending him their money. Savers of all kinds also suffer, especially holders of fixed-income securities. And those entering the housing market for the first time find that house prices have risen so steeply that their down payments are just about adequate for purchasing a converted tool shed.

Inflation, then, rewards some with windfall profits and burdens others with windfall losses. If a government were

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seriously intent on correcting these inflationary inequities created by its own monetary incontinence, it would have to introduce a complex indexed network of differential subsidies and taxes to compensate some and punish others in proportion to their ever-changing financial gains and losses. This is clearly an administrative impossibility. Yet, even if it were a simple bookkeeping transaction, politicians would steer well clear of it for the obvious reason that the government is the biggest windfall profiteer of all from inflation.

The trick is worked thus. Taxpayers, whose incomes rise in line with inflation, are no better off in real terms. But their rising paper incomes push them into higher tax brackets so that they pay in tax a larger percentage of the same real income. Corporations too — including the oil companies — find that inflation has reduced the real value of allowable depreciation provisions. Add together all of the taxes which have been silently increased by inflation in recent years and you will find that the total figure amounts to a substantial extra sum in government revenue. Professor Milton Friedman estimated that the government's total revenue from inflation amounted to more than $25 billion in 1973 alone! And other studies have suggested that inflation-induced tax increases could add $50 billion to its citizens' tax bill by 1980. So a tax on the government's own windfall profits (i.e. a tax reduction) would restore large sums to all classes of taxpayers (again, not excluding the oil companies).

The Element Of Chance

So much for the windfalls of inflation. In a wider, more colloquial sense, however, the term has come to mean *any* undeserved and unexpected surplus of income over costs. But how are respectable profits distinguished from the windfall sort? Let us look at two hypothetical and contrasting success stories. Suppose that you wake up tomorrow morning with a vision: the accurate blueprint for a revolutionary new automobile engine that multiplies gasoline mileages severalfold. Your invention is quickly put into production, enabling hundreds of thousands of drivers to enjoy Cadillac comfort at Pinto prices. Naturally, your line of cars sells as fast as your assembly line can produce them. As the inventor holding the patent, you become fabulously rich. What shall we call

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the riches you acquire? Quite obviously, they are the profits of ingenuity, application, hard work and enterprise.

Now, take a slightly different case. Suppose that you are working in your garden, planting tulip bulbs, when suddenly your trowel strikes a massive oil deposit – a real gusher. Again, in short order, you become rich.

What is the difference between the two cases? In each case you would reap fantastic profits over a short period of time. In each case you would reduce American dependence on imported oil, thereby easing our balance of payments worries. Whether by making more gasoline available or by reducing motorists' consumption of fuel, you would be aiding the consumer. Society would benefit equally from both contributions. But in one case, your rewards would come as the fruit of your own ingenuity; while, in the other case, they would apparently be the result of pure, blind, dumb, senseless luck!

In all probability, your neighbors would be proud of you in the first instance, resentful in the second. If the public approves of the manner in which you acquire your riches (as it smiles upon the fabulous incomes of athletes and movie starlets), then the money you earn is regarded as rightfully your own. If the public frowns on your business or doubts your moral claim to *deserve* the level of rewards, then your income is disparaged as "windfall profits."

Yet this distinction is based upon a fundamental confusion. As the egalitarians themselves argue when it suits them, we are simply unable to identify and separate the distinctive contributions of luck and merit to economic success. Both play a part – but a different part in each individual case. Luck, for instance, covers more than merely discovering oil wells with a trowel. It is responsible for much that is most personal and individual about us. There is no merit in being born with the kind of figure that wins the Miss Universe contest or the kind of brain that picks up Nobel prizes. From the moral standpoint it is merely a matter of chance. Of course, merit enters at some stage. Some people put their advantages to good use; others allow striking figures to run to fat or waste high intelligence in the search for an infallible system to break the bank at Monte Carlo. Nor is meritorious endeavor enough on its own. There are decent people who work hard all their lives but never prosper because God endowed them with average or inferior

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abilities. Even in what seem the clearest cases of poor-boy-makes-good, therefore, we have no way of disentangling, let alone measuring, the relative importance of personal effort, inherited ability, the helpful or damaging influence of other people, or any of the innumerable factors that might just determine success or failure in the individual's life.

The concept of windfall profits is weakened even further if the element of foresight is introduced. Some people profit from their acute business savvy, their ability to predict fortuitous market conditions. Now, conscious accurate prediction surely reduces the purely chance windfall element in their reward. But does the mere exercise of intelligent speculation, which may profit from price changes without affecting them, make a man as deserving as our gasoline engine inventor? Does it make him more deserving than our lucky gardener? Indeed, would the gardener's profits be less of a windfall if he had chosen his house partly because of rumors that the surrounding land was oil-rich? Suppose, too, that he had paid more for the land because of these rumors. Would not his windfall profits then be the reward of risk capital, namely the extra element of the house price? And if so, would they not be more "deserving" and justifiable – though bringing no greater benefit to society? On the other hand, would the speculator be *more* deserving of a high income if his speculation happened to improve the workings of the market by smoothing out price fluctuations? Who can answer these questions at all satisfactorily? Only God has the comprehensive information required for making judgements of that order.

A capitalist economy makes no attempt to pursue such distinctions. Income is not taxed on a scale according to the abstract, unknowable merits of the earner. Instead, anyone who generates wealth is entitled to keep his fair share after paying the level of tax levied on everyone else. The prospect of reward stirs people to take initiatives – and the prospect of unusual reward prompts daring people to take unusual initiatives. Whereupon our present prosperity is based.

We cannot therefore pass judgement on the windfall element in individual success. But can we perhaps ascertain whether certain economic activities as such inevitably lead to undeserved windfall gains? There is a school of thought which has long argued that possession of a scarce and valuable resource can

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yield windfall profits if its supply cannot be increased in response to price changes. An opera singer's voice and rising land values are the textbook examples. As Mark Twain put it, "Buy land, my boy, they're not making any more of it." In this context, the phrase "windfall profits" means any profit that cannot be justified socially as bringing supply and demand into balance.

Rewards For Initiatives

Yet, taking these textbook examples, it can be shown that there are no goods – not even land itself – in fixed supply. If the price is right, land can be manufactured. Is not much of Holland land reclaimed from the sea? And until environmentalists stymied the plan on behalf of rare geese, the British Government was proposing to build the third London airport at Maplin, at present a sandy sea marsh.

Nor is land as such even in short supply. There is enough jungle, desert, arctic waste and malarial swamp in the world to house all humanity, allowing ample elbow-room, several times over. What people mean when they lament the shortage of land is that land of a certain kind or usage is in short supply in a particular locality. But this problem can be solved easily enough by changing the existing land use. Agricultural land can thus be reclaimed from the desert by irrigation, or agricultural land rezoned for building development.

To illustrate this point, let us again take a hypothetical case. A leafy suburb, far from the madding crowd and so inhabited by Friends of Humanity with Volkswagen beetles and a taste for granola, is surrounded by land zoned for agricultural purposes only. Because people wish to move into this desirable but artificially restricted neighborhood, the price of both land and houses soars to windfall levels. Eventually, permission is sought and obtained for nearby land to be zoned for building. At once the land values in the suburb fall sharply as more land comes onto the market and reduces the artificial scarcity. Meanwhile, the rezoned farmer's land increases rapidly in price as restrictions are lifted which, until now, have held its value artificially low. What has actually happened in this example? The farmer has been suffering a windfall loss for years – and only now is he able to obtain the true market value for his property. But that is not how the matter appears to the

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Friends of Humanity. Perhaps irritated by the fall in value of their principal capital asset, they rage that the farmer has been granted an ill-gotten windfall profit, namely the rise in land value "created" by the "community" when it rezoned his land (i.e. when it finally gave him the right to use his own land for his own purposes).

Land is therefore not in fixed supply. And any windfall profits which *seem* to accrue from its possession are really the result of government restrictions on land use. But before we leave this topic, what of the popular opera singer's voice?

Well, if the price for her kind of sound were set high enough, she could sing more, multiply her performances greatly by the use of films and recordings, and encourage the production of near-substitutes by training protégés to sing as nearly as possible in her distinctive style. Her profits would now be enormously greater than before – but they would not be windfall profits in the sense described above because they would have elicited a cataract of arias to the delight of opera lovers and the irritation of their neighbors.

Whose Windfall? Whose Profit?

We are thus led to a series of agnostic, commonsense conclusions. The first is that *all* profits and all *losses* contain a windfall element – the windfall usually being an unanticipated consequence of government action. Thus, Chrysler would not be in such dire straits if the government had not added to its costs by imposing extravagant safety and environmental standards for automobiles. Secondly, it would be extremely rare for any profits or loss to be attributable wholly to windfalls. Certainly Chrysler cannot make this claim since American Motors, a company of similar size, actually achieved an economic recovery during the same period of excessive and wrong-headed regulationitis. Finally, we have no way of knowing precisely how big the windfall element is in any particular gain or loss.

The conclusion that all profits of their nature contain a windfall element would be supported by textbook economists on slightly different grounds. For they agree that all profits reflect an element of risk which itself reflects the element we call uncertainty, the unexpected or chance. Were that not so and a very high profit on, say, offshore oil could be absolutely guar-

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anteed, then investors would flock to put their money into it. In so doing, they would greatly increase demand for underwater equipment, oil drilling platforms, divers, skilled geologists and all the factors needed to move the oil from under the sea to the gasoline station. The price of all these goods and services would therefore rise – the process only stopping at the point where the cost of additional investment capital equalled the return expected on the investment. Therefore, in the absence of uncertainty and windfall chance, there would be little or no profit at all.

All in all, the case for singling out certain profits as unjustifiable windfalls and consequently subjecting them to disproportionately heavy taxation is thin to the point of invisibility. Insofar as it has any substance at all, it implies that the government has a duty to compensate people for windfall losses, notably those resulting from its own misguided interventions, and to restore to the community the windfall gains it has itself made from inflation with taxation.

But the specific argument for a windfall profits tax levied solely on the oil industry is simply a logical vacuum. It has no substance whatever. If windfall profits exist throughout the economy either in undiluted form or, as I have argued, as an element in almost all incomes, what possible justification is there for singling out a particular class of taxpayer and exacting a levy from them alone? This is discriminatory and unjust – no different in principle from the Administration deciding to levy a higher rate of income tax on labor union members on the grounds that their union-negotiated wages contain a windfall element based on excluding non-union members from the factory. Indeed, for the analogy to be absolutely precise, the extra tax would have to be limited to members of a particular union, selected merely because of its temporary political unpopularity. Even in such circumstances, a tax of that character would produce an outburst of protest. But, in part because businessmen shrink from political conflict and controversy, there is little concern publicly expressed at this manifest instance of injustice directed at the oil companies.

And what is the likely consequence of this discriminatory tax? At a time when investment in all forms of energy is imperative, potential investors have been warned to stay away from the oil industry. The proposed tax is a declaration that

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profits from oil will be treated not more favorably, but more harshly, than profits from all other industries and services. Since other industries use more energy than they produce, this amounts to a policy of investment incentives directed to creating and maintaining our energy shortage!

Much of the political momentum behind the proposed tax, of course, comes from the feeling that it is somehow immoral for the oil companies to make large profits as a direct result of damaging actions by foreign governments and OPEC. Hence the demand that the companies should not "rip off the American people" and so on. But we are here in the presence of great rhetorical and logical confusion. First, a congressman denounces the oil companies for their wickedness in making vast windfall profits and threatens them with the punishment of nationalization. It soon becomes clear even to him, however, that it is absurd to *blame* a company for the windfall accident of seeing its profits rise because foreign governments increase world oil prices. After all, what is a virtuous oil company to do in these circumstances? Is it supposed to pay a voluntary tax over and above the regular and corporate taxes? And if so, would not all citizens be equally obliged to pay voluntary taxes if they enjoyed some windfall gains – say, at the races? But a congressman at once sees the difficulty of explaining this at election time and so moves on to a new tack.

He denounces the oil companies for deliberate collusion with OPEC and each other in raising prices. Little hard evidence has been produced to support these dark suspicions. Which is not surprising since the oil industry's profits are not out of line with other industrial profits in the U.S. Over the period 1968-78, fully half of which includes the period since OPEC quintupled oil prices in 1973, the oil companies show a rate of return on capital of 13.7 percent compared to a manufacturing average of 13.5 percent. Those industries which have enjoyed much larger profits include broadcasting, publishing, soft drinks and cosmetics. And, if there were incontrovertible evidence that the oil giants were colluding with OPEC and each other, the government could take advantage of the laws in existence which prohibit such commercial arrangements. That it does not take this obvious step is surely an eloquent comment on the truth of its rhetorical accusations. For a windfall profits tax is the worst possible response to a cartel. It amounts to

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accepting the cartel as a permanent economic fixture and tolerating the "rip-off" it enjoys from artificially high prices on the condition that the government gets a share of the swag.

Frustrating Market Forces

Of course, *in the short term*, oil profits do rise when OPEC increases its prices. But an increase in profits for the suppliers (and potential suppliers) of a suddenly scarce commodity should be welcomed. Only when profits rise can companies amass the immense amounts of capital necessary for new exploration. Only then will outsiders be given the incentive to undertake the substantial costs of entering the oil business. So, the faster profits rise, the faster new oil will come into the market and the faster OPEC's stranglehold will be removed. A tax will hinder this beneficial process, either slowing down energy independence or making the consumer pay more for it. In other words, it is Big Government which is ripping us off, not Big Oil.

There is another fundamental problem with the windfall oil profits tax – how is it to be calculated? Presumably it must be based on some estimate of the windfall element in oil profits (which, as we have already seen, is impossible to calculate). Sophisticated defenders of the notion and President Carter argue that it will be a levy on that part of the profits from deregulated oil prices that can be ascribed to OPEC's cartel activities. It will, so to speak, be a levy on the difference between the actual deregulated market price and the Platonic ideal of the market price as if OPEC had never been invented. But that can be no more than a guesstimate, an arbitrary figure plucked from the air, a gleam in President Carter's eye. So, in practice as compared to sophisticated theory, the tax will simply be a levy (of 50 percent in President Carter's proposal, 60 percent as passed by the House and goodness knows what in the end) on *any* rise in oil prices since President Carter spoke, without any fussy inquiries into whether the rise is due to cartel activity or market conditions.

In *Forty Centuries of Wage and Price Controls*, Robert Schuettinger and Eamonn Butler have surely exploded the myth that government enjoys a superior wisdom that enables it to second-guess the market successfully. The first results of this policy are shortages, queues and a flourishing black market.

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In this instance, the first result of holding down oil profits while prices are rising would be to cut the automatic link between higher prices and increases in supply. It would reduce the profits available for exploration and discourage entrepreneurs from embarking on the risky business of discovering new oil fields. New oil would be less profitable and so less likely to come into the market.

The second result would be to make existing known oil fields, which are on the margin of profitability, simply not worth exploiting. In recent years, the British have discovered that OPEC's raising of world oil prices has transformed just such marginal oil fields into handsome investments. By introducing a windfall profits tax on such fields, however, the U.S. Government would achieve exactly the reverse. However high oil prices soared, the level of profits would be held down with the result that many oil fields worth developing at the then reigning price would be left pleasantly undisturbed. Thus, "old" oil would also be less likely to come into the market.

Who would benefit from this? Environmentalists would be pleased, of course, and those environmentalists living in warm climates would be pleased long-term. So would OPEC, since alternative oil, now theoretically profitable at prevailing world prices, would not actually come into the market and reduce the world oil price by increasing supplies. But the American consumer would be actually worse off. He would be paying higher prices but still sitting in the gas lines which higher prices are usually allowed to banish. Demagogues, however, would flourish — denouncing oil companies for the shortages, caused by misguided government intervention, and demanding more government intervention to cure them.

Then, no doubt, we would have inflicted on us the secondary consequences of intervention in the market — namely, a growing bureaucracy, controls that extend to more and more features of economic life, increasingly severe penalties to enforce them, and, finally, the seizing up of the economic system — at which point the whole apparatus is removed and economic life can begin again. Ironically, President Carter's oil strategy contains some of these disasters built-in from the start — notably new bureaucracies in the form of the Energy Mobilization Corporation, with powers to override the objections of lesser bureaucracies and to disburse vast sums of public money on bright

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ideas about synthetic fuels and new sources of energy.

The more one examines President Carter's notion of using oil windfall profits to finance a new energy independence, the more illusory, nonsensical and self-destructive it appears. Of course, to advance the argument that two plus two equals four in the vicinity of the White House today is to risk being denounced as a tool of the big oil corporations. But the new McCarthyism of the anti-business culture should not prevent public men from declaring that nonsense is nonsense is nonsense. Nor should the present political unpopularity of the oil companies – an unpopularity often based on economic illiteracy and scare-mongering – allow us to treat them with manifest injustice. We should remember Chief Justice Jay's dictum: "Justice must always be the same, whether it is due from one man to a million men or from a million to one man."

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The Coming Welfare Crisis

GEORGE GILDER

As the seventies drew to a close there transpired in America a new consensus on welfare. From all parts of the political spectrum experts rushed forward to announce in confident tones beliefs that would have seemed shocking just a few years before. Within recent memory, there had been high expectations for "welfare reform," based on an earlier consensus in favor of federal income supports designed – depending on considerations of cost and work incentives – to lift all American families out of poverty. It was to be a negative income tax, redistributing money to the poor as automatically and comprehensively as I.R.S. takes it from the rest of us. Endorsed on various occasions by such diverse voices as Richard Nixon, Milton Friedman, George McGovern, Paul Samuelson, and – above all, in eloquent persistence, Daniel Patrick Moynihan – it was an idea whose time had apparently come.

Then in 1977, the same general position was adopted by President Jimmy Carter . . . and by coincidence, so it seemed, nearly all the others abandoned it. Moynihan announced, with great courage and simplicity: "I was wrong." Books and articles poured forth declaring that the present welfare system, for all its manifest faults, was, as it were, "our welfare system, right or wrong": an almost geological feature, one expert described it, with rocks and rills and purpled hills like America itself. "A wonderfully complex array of programs, payment levels, and eligibility rules," wrote Martin Anderson, Ronald Reagan's counselor: "a complex welfare system dealing with the very complex problem of the poor in America." Anderson thought benefit levels could even be raised if work and child support requirements were stiffly enforced. But this new attitude of skeptical resignation to the existing system is no more promising than the earlier credulity toward radical reforms. Neither approach faces the most fundamental welfare problem,

* This article is adopted from *Wealth and Poverty*, by George Gilder, forthcoming from Basic Books.

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and both raise the danger of a welfare catastrophe in years ahead.

For many years, defenders of welfare have acknowledged that the system was harsh on intact poor families. The answer, it was widely agreed, was to extend benefits to families with unemployed fathers. This was done in twenty-six states and, to the surprise of some observers, had no effect on the rate at which poor families disintegrated. The reason was clear. As under the guaranteed income plans tested in Denver and Seattle, which showed some sixty percent increases in family breakdown and disastrous declines in work, the marriages dissolve not because the rules dictate it, but because the benefit levels destroy the key role and authority of the father. He can no longer feel manly in his own home. At first he may try to maintain his power by the exercise of physical stength. But to exert force against a woman is a confession of weakness. Soon enough, he turns to the street for his male affirmations.

These facts of life have eluded nearly all the sociologists who have studied the statistics of the welfare family. The studies focus on poverty and unemployment as the prime factors in family breakdown because the scholars fail to comprehend that to a great extent poverty and unemployment, and even the largely psychological conditions of "unemployability," are chiefly reflections of family deterioration. In any multiple regression analysis, these economic factors will loom largest as causes of family breakdown because they contain and reflect all the other less measurable factors (such as male confidence and authority) which determine sexual potency, respect from the wife and children, and motivation to face the tedium and frustration of daily labor. Nothing is so destructive to all these male values as the growing, imperious recognition that when all is said and done his wife and children can do better without him: the gradually sinking feeling that his role as the provider, the definitive male activity from the primal days of the hunt through the industrial revolution and on into modern life, has been largely seized from him; he has been cuckolded by the compassionate state.

His response to this reality is that very combination of resignation and rage, escapism and violence, short horizons and promiscuous sexuality that characterizes everywhere the life of the poor. But in this instance, the pattern is often not so much

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a necessary reflection of economic conditions as an arbitrary imposition of policy: a policy that by depriving poor families of strong fathers both dooms them to poverty and damages the economic prospects of the children.

In the welfare culture, money becomes not something earned by men through hard work, but a right conferred on women by the state. Protest and complaint replace diligence and discipline as the sources of pay. Boys grow up seeking support from women, while they find manhood in the macho circles of the street and the bar, or in the irresponsible fathering of random progeny.

The "crackdown" type of welfare reform attempts to pursue and prosecute negligent fathers and force them to support their children. But few of these fathers have permanent jobs that they value enough to keep in the face of effective garnishment. Those who do have significant incomes often give money voluntarily to the mothers of their children. But these funds are rarely reported. The effect of child support prosecutions in such cases is usually to reduce the amount of money going to the children by effectively diminishing the AFDC (Aid to Families with Dependent Children) allotment and to transform the father's payments from a morally affirmative choice into an embittering legal requirement. He tries to escape this situation as soon as he can. Attempts to force people to work and to support their children — when it is clearly against the financial interest of both them and their children — will always fail.

In the cases of the so-called "love children," born of barely post-adolescent fathers or of others passing by, the child-support litigations are equally futile, for the children are really the offspring of the welfare culture of AFDC. In a free society a man cannot long be made to work to pay for children whom he rarely sees, kept by a woman who is living with someone else. Work is not a matter of mere routine but of motivation — x-efficiency, as it has been called. The fathers arraigned for child support in the welfare culture typically make a few desultory payments and then leave their jobs or leave town. Some of them enter the world of part-time work for cash, or the more perilous but manifestly manly world of crime. Others eventually get new jobs in the often reliable hope that the computers will not catch up with them again. But the general effect is to add to the perils of employment and marriage.

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Work requirements are particularly futile because they focus on women with small children, the official welfare clients, rather than on the unlisted beneficiaries – on the men who subsist on the system without joining it, who live off welfare mothers without marrying them. These men are not necessarily fathers of the particular children they happen to be living among. They are just men who live for awhile with a welfare mother, before moving on to another one. These men are the key beneficiaries – and victims – of the system. Because the system exists, they are not forced to marry, or remain married, or learn the disciplines of upward mobility.

There are hundreds of thousands of these men. Their legion is the inevitable counterpart of the mass of welfare mothers who preoccupy all the social workers and reformers. Yet the mothers in general cannot lift their families out of poverty; nor can the social workers. Making the mothers work confers few social benefits of any sort and contributes almost nothing to the fight against poverty. Only the men can usually fight poverty by working, and all the anti-poverty programs – to the extent they make the mother's situation better – tend to make the father's situation worse, reducing his redemptive need to pursue the longer horizons of career.

These unlisted welfare men form a group almost completely distinct from the "able bodied men" actually listed on the rolls – aging winos, over-the-hill street males, wearied ex-convicts, all the halt and lame founderers of the world – who receive money under the "general assistance" category and are harassed mercilessly during every crackdown. The real able bodied welfare fathers are almost universally contemptuous of welfare and wouldn't go near a welfare office. In county jails across the land, these men disdain all transitional programs designed to give them aid after release while they get back on their feet. Welfare based employment programs, like those envisaged in Carter's reform proposals, will tend to miss all the youths on whom the future of poor communities will finally depend.

Even the anti-fraud efforts, necessary as they are, can have unfortunate results in the context of the welfare culture. The usual way to combat welfare fraud is to compare the welfare rolls – including all listed husbands and fathers – with lists of the holders of jobs, savings accounts, homes and other assets, in order to find any duplications. This approach

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can certainly discover some types of fraud. One is the most obvious and reprehensible: the fully employed woman with children who at the same time collects a day care subsidy and a welfare check, or sometimes several, perhaps even on the basis of false representations of the ages and number of her children. This kind of case, though relatively infrequent, always gets lots of publicity and is a great triumph for the welfare investigator. The more usual types of fraud are much more ambiguous. They consist of women on welfare with working husbands. Often these men no longer live with their wives or have anything much to do with them; the wives normally are living with other men. This case of fraud scarcely differs from all the legal welfare cases that also involve absent fathers and new men in the home. The chief difference in the illegal case is that the woman made the mistake of getting married and the man made the error of taking an officially recorded job, buying a house, or acquiring some savings.

The fraud cases, in other words, can often arise among the more honest and ambitious of the welfare recipients: the ones who tell the truth about the whereabouts of their husbands or the fathers of their children, the ones who make an effort to marry or save, or accept regular work – the ones in general who try to leave the welfare culture and thus come into the reach of welfare department computers. The anti-fraud techniques necessarily miss the welfare mothers who live and bear children, of dubious paternity, with a succession of men working from time to time in the cash economy of the street, or who themselves dabble in prostitution, sharing apartments with other welfare mothers while leaving the children with the grandmother upstairs, who is receiving payments for "disability" from a sore back.

Indeed, the ideal client according to the computer is a woman with several illegitimate children of unsure paternity who goes deep into debt and spends all her money as soon as it arrives: a welfare ideal that has proved easy enough to achieve for some hundred thousand young mothers in recent years. The efforts to radically reduce the welfare rolls by cracking down on morally unsatisfactory recipients – "shirkers" and "cheaters" and other miscreants whose crimes can bring crowds indignantly to their feet – normally offers a small yield of real offenders but a large number of marginal cases that would

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take thousands of Solomons to sort out fairly.

No one argues that welfare should not be resourcefully policed. The law must be enforced. But endless injustices and anomalies are absolutely unavoidable in any means-tested system. There is no such thing as a good method of artificial income maintenance. The crucial goal should be to restrict the system as much as possible, by making it unattractive and even a bit demeaning. The anomalies and perversities become serious chiefly as the benefits rise to the point that they affect the life choices of millions.

As in all insurance policies, it is the level of benefits that determines the "moral hazards." Fire insurance, for example, becomes an inducement to arson chiefly when a neighborhood declines to the point that the payoff exceeds the value of the housing. Our welfare system creates "moral hazards" because the benefits have risen to a level higher than the ostensible returns of work and marriage.

Under these circumstances most of the cases are fraudulent, in the sense that most of the fathers could presumably marry the mothers of their children and could support them if they had to. But from another point of view, very few cases are fraudulent, since neither the mothers nor their men, in the context and psychology created by the system, could support their children at the levels of "decency" or "adequacy" specified by the U.S. government in its "low income budget." For an ill-educated man from the welfare culture to support a family at that level requires delay of marriage and childbearing until after the development of economic skills, and then the faithful performance of work over a period of years. These requirements are most essentially moral and familial. The attempt to elicit them by legal pressures while deterring them remorselessly by contrary financial incentives is as hopeless a venture as has ever been undertaken by government.

The most serious fraud is committed not by the members of the welfare culture but by the creators of it, who conceal from the poor, both adults and children, the most fundamental realities of their lives: that to live well and escape poverty they will have to keep their families together at all costs and will have to work harder than the classes above them. In order to succeed, the poor need most of all the spur of their poverty.

The battle between the two kinds of welfare "reform,"

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liberal and conservative, is largely fake. Neither side is willing to tolerate fraud, both sides advocate largely fraudulent work requirements, and neither side understands the need to permit a gradual lowering of the real worth of benefits – by allowing inflation to lower their money value and by substituting relatively unpalatable in-kind supports. In fact, both sides are willing in principle to index the benefits to the price level, thus making them yet more reliable and attractive, still preferable in every way to the taxable, inflatable, losable, drinkable, druggable and interruptible earnings of a man (not to even consider the female recipient's own potential earnings, which require many hours a month of lost leisure and onerous work). All earnings, moreover, entail the hazards of foregoing Medicaid in sickness, food stamps in the grocery, housing subsidies for the lucky, and public defenders for the unlucky, often needed in the welfare world. The conventional wisdom on welfare has not even begun to acknowledge or come to grips with the implications of this long series of generous and seductive programs.

Any welfare system will eventually extend and perpetuate poverty if its benefits exceed prevailing wages and productivity levels in poor communities. A change in the rules can produce immediate cutbacks, as Reagan proved. But in time welfare families will readjust their lives to qualify for what is their best available economic opportunity. As long as welfare is preferable (as a combination of money, leisure and services) to what can be earned by a male provider, the system will tend to deter work and undermine families. Rigorous enforcement of the rules only means that the families must adjust more and conceal more in order to meet the terms specified by Washington.

The Denver and Seattle experiments give what should be shocking testimony to the existing dangers of AFDC. These tests are ordinarily discussed as if their interest was chiefly academic, bearing on the problems of some now utterly unlikely program of guaranteed incomes. But, in fact, AFDC already offers a guaranteed income to any childraising couple in America which is willing to break up, or to any teenaged girl over sixteen who is willing to bear an illegitimate child. In 1979, there were some twenty million families which could substantially improve their economic lot by leaving work and

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splitting up. Yet they did not. Three fifths of eligible two-parent families resist all the noxious advertising campaigns even to apply for food stamps, which they can have merely for the asking. Millions of qualified couples continue to jilt the welfare state. Only in the ghetto, among the most visible, concentrated, and identifiable poor, have the insidious seductions of the war on poverty and its well-paid agents fully prevailed over home and family.

What the HEW experiments showed, however, was that many of the yet unreached families are vulnerable to a better marketing effort. They will break down rather readily when fully and clearly informed of the advantages and not effectively threatened with child-support suits. In other words, the test showed that millions of jobs and marriages would be in jeopardy if placed in the midst of a welfare culture where the dole bears little stigma and existing jobs pay amounts close to the welfare level, or pay cash untraceable by official investigators.

The tests suggest that as serious as existing welfare problems may seem, they are dwarfed by the potential crisis in prospect. At present, even among the actual clients of AFDC, only about one fifth have capitulated to the entire syndrome of the welfare culture. Only twenty percent accept the dole as a more or less permanent way of life. That twenty percent, though, take some sixty percent of the money. The rest of the beneficiaries dip into the system during a few years of family crisis and then leave it, often never to return. One danger of benefits indexed to inflation is that they will induce increasing numbers of welfare cases to become welfare cultures, with results resembling Denver and Seattle.

The more profound threat, however, arises from the current demographic situation. There are three principal trends relevant to welfare: One is a fifteen year period of declining birth rates beginning in the mid 1960s; two is the aging of the baby boom generation; and three is the increasing reluctance of the American poor to perform low-wage labor. These trends mean that beginning in the mid-1980s, there will be a long-term decline in the number of workers available to support the increasing numbers of the retired. This development portends a grave crisis for our social security and pension systems. It is doubtful that work effort will persist if pension taxes rise to double and triple the current levels, even if largely disguised in value-added

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or other forms of concealed imposts.

The solution to this problem, though, is close at hand, looming beyond the shores of the Rio Grande. The current flood of immigrants, legal and illegal, will be permitted to join the official economy and replace the unborn workers of the baby dearth, who might have paid for the pensions of their elders. It takes no special feat of insight or imagination, or even much scrutiny of Latin American birth rates and economic growth levels, to predict this development. Immigration will persist. The current Hispanic minority, which now numbers some twelve million – about half the black population – will equal it within a decade or so. Whether the Hispanic minority will follow the footsteps of blacks into the welfare culture should be a paramount concern of American domestic policy.

As the seventies drew to a close the portents were dire. Hispanic families, once more stable than black families, retained a small advantage in proportions still intact, but they were breaking down at about twice the black pace. Legalized aliens were moving onto welfare in distressing numbers. Hispanics were increasingly adopting a posture of confrontation with the government, seeking aids and subsidies and "minority status," and were discernably slowing their movement into business and low-wage jobs.

Even more disturbing was the response of the U.S. government. Rather than learning the clear lessons of the American experience with Indians and blacks – the previous minorities reduced to a state of bitter dependency by government – the Washington bureaucracies were rushing to accommodate the new immigrants within the old formulas of "discrimination" and "poverty." Far worse, as Tom Bethell described in a devastating Harper's article, HEW adopted, in defiance of the entire glorious history of previous immigrants in America, an utterly indefensible program of bilingual education, which in practice means education in Spanish. At the same time, HEW is issuing requirements that all public documents and forms be translated for Hispanics. These actions simultaneously undermine the group's entry into American life and culture, segregate it in presumably separate but equal classrooms, often run, according to many reports, by anti-American teachers, and open the group chiefly to two influences: Spanish-speaking politicians with an interest in segregation, and Spanish translations of bureaucratic

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social programs.

These approaches together constitute for Hispanic women a gilded path into the arms of the welfare state, and for Hispanic leaders, a glittering invitation to a politics of sedition and violence — to a prolonged posture of protest, with a segregated and subsidized captive audience, against the country that seduced their women and left their men without a role.

This is the danger that the welfare culture poses in coming years. It is a danger, however, that can be easily avoided. The necessary steps are clear. Welfare benefits must be allowed steadily to decline in value and attractiveness as inflation proceeds. The Medicaid program, which alone provides a more than adequate reason to stay in poverty, must be amended to require modest payments in all but catastrophic cases, and to apply to the lower middle class. Rents must be paid directly to landlords, who are easier to supervise than hundreds of thousands of welfare clients, most of whom pay their rents only sporadically.

Under the present system, recipients treat their rooms as disposable items, so much residential packaging for their lives of dependency. Moving from apartment to apartment as landlords finally decide to evict them — leaving their quarters in a shambles — the members of the welfare culture tend to consume more housing, in terms of its financial value and depreciation, than the middle class does. This process is as demoralizing for the clients as for the landlords and for the government officials who condone it. It leaves vast stretches of many cities in a state of physical and social ruin. It can be mitigated at least by paying the money to landlords (a procedure used widely until a federal court vetoed it) or by issuing some kind of rental stamps that are difficult to convert into cash.

A solution to the welfare problem is possible if the essentials are understood. The preoccupation with the statistics of income distribution has led to a vision of poverty as the steady state of an inert class of citizens. Social policy is conceived as acting on these persons, but they are not believed to act on it — to exploit it in their own interests. For most people, however, poverty is a passing phase, caused by some crisis in their lives. The goal of welfare should be to help people out of these dire but temporary problems, not to treat temporary problems as if they were permanent ones — and thus make them so. This goal dictates a system nearly the opposite of the current one.

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The current system, like Harvard in a popular epigram, is very difficult to get into but relatively easy to stay in. It is of comparatively little help to people in emergencies. Applicants normally have to wait weeks, fill out forms by the ream, submit to prolonged tests and evaluations, before they are finally admitted to the promised land. As a rule, the more generous the grants, the narrower the gates. The more commodious the benefits for the qualified recipients, the harder is the regimen for the unpremeditated poor: the woman newly arrived from afar, the man who lost his job or his wife, or suffered a medical catastrophe but did not choose to sell his home. New York State's welfare program, for example, is third in the country in the real value of its benefits but according to one study, it ranks fiftieth in ease of entry. California is not much ahead. Both programs create maximum incentives to qualify for them: maximum rewards for maximum familial strife and disruption. A sensible program would be relatively easy on applicants in emergencies, but hard on clients who overstay their welcome.

Ideally such a system should be supplemented with child allowances given to every family of whatever income for each child. These payments, which would be taxable, are designed to relieve the pressure on large families to become female-headed, because welfare is the only income source that automatically increases as the family grows. Allowances also reduce the pressure for constant inflationary increases in the minimum wage rate, by counteracting the idea that every wage by itself must support a family. If Moynihan's career in welfare reform yields any clear lesson, it is that professors in politics should advocate their favored programs rather than invent compromises supposedly more acceptable to the public. Moynihan's preferred policy was always child allowances, but he urged a guaranteed income scheme instead because he thought it would be more appealing politically to the Nixon Administration. The result was a lost decade of initiatives of little political appeal or objective validity.

Child allowances are currently in effect in most Western industrial nations, but the system has been most fully developed in France. There they were enacted as a program to promote large families. The evidence is that it failed in that goal but succeeded in strengthening all families and in permitting France to avoid the blight of dependency that afflicts the United

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States. Child allowances succeed because they are not means-tested. Because they do not create an incentive to stay poor, they avoid the moral hazards of the war on poverty, while giving support to the most welfare-prone families. There is no panacea. Overcoming poverty still inexorably depends on work. But in a world where children are little permitted to earn money for the family, payments to those families that nurture and support the next generation represent a social policy with its heart in the right place.

Such approaches to welfare will win their advocates no plaudits from welfare rights organizations and few perhaps from politicians who enjoy the power of granting excessive benefits to some and cracking down on others. But a disciplined combination of emergency aid, austere in-kind benefits, and child allowances — all at levels well below the returns of hard work — offers some promise of relieving poverty without creating a welfare culture that perpetuates it. That is the best that any welfare system can be expected to achieve.

Welfare now erodes work and family and this keeps poor people poor. Accompanying welfare is an ideology — sustaining a whole system of federal and state bureaucracy — that operates also to destroy their faith. The ideology takes the form of false theories of discrimination, spurious claims of "racism" and "sexism" as dominant forces in the lives of the poor. The bureaucracies, devoted to "equal opportunity" and "affirmative action," combine with welfare in a pernicious campaign, subverting the morale and character of the poor — most especially the poor who happen to be black. But the chief financial influence on every poor community, exerting continuous and erosive pressure on every lower middle class home, is welfare. Welfare reform remains crucial in any program to combat poverty. But from the viewpoint of the poor, successful reform must make welfare worse, not better. The welfare problem is that it is already much too "good."

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Will West Germany Stay in Step?

ROBERT STRAUSZ-HUPÉ

The victors of World War II divided Germany into three parts: West Germany – now the Federal Republic of Germany; Middle Germany – now the German Democratic Republic; and East Germany – now partitioned between the Soviet Union and Poland. Berlin, Germany's capital from 1870 to 1945 and now imbedded in the territory of the German Democratic Republic, is divided in two parts: one under the effective control of the United States, the United Kingdom and France; the other under the effective control of the Soviet Union. The German Democratic Republic (DDR) has quartered its government in that part of Berlin that is controlled by the Soviet Union. The government of the Federal Republic of Germany is seated in Bonn, a Rhineland town, once the see of a reigning bishop, subsequently renowned for its University. East Prussia has been incorporated into the U.S.S.R.; most of West Prussia and all of Silesia have been ceded to Poland. Their German-speaking inhabitants have been forced to depart, their places to be taken by Polish immigrants, most of them exiled from that part of Eastern Poland that has been annexed by the U.S.S.R.

At the time of the division of Germany, the territories thus separated from one another had been under German rule for from 200 to 1000 years. Several million German-speaking inhabitants of the territories now incorporated into the DDR, Poland and the U.S.S.R., have immigrated to the German Federal Republic and acquired the latter's citizenship. This, roughly, is the geographical shape, ethnic substance and the international status of residual divided Germany and the remainder of the Reich ceded to the U.S.S.R. and Poland.

Germany is a divided country. This division also divides public opinion in West Germany. Although most West Germans and their major political parties ostensibly profess to put unification ahead of any other political concern, not all West Germans agree on the means for achieving it. Some may still believe that the strength of the Western Alliance will ultimately persuade the Soviet Union to relinquish control of the DDR

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and leave the German people free to achieve unity by peaceful, democratic procedures; others would rather seek to conciliate the Soviet Union, thereby obtaining the Soviets' assent to unification even though it means the detachment of West Germany from NATO. This, roughly, is the perennial issue of West Germany's foreign policy: to stake Germany's future on the maintenance of the North Atlantic alliance, and hence, the American connection; or to tilt, be it ever so cautiously, towards the East, thus reinsuring West Germany's security against a cancellation of the U.S. guarantee, and obtaining the most favorable terms for coexistence with a preponderant Soviet Union.

The issue of Germany's partition has slanted the internal politics of West Germany ever since its founding; its implications have never been absent from the consideration of the West German foreign and security policies. It has always loomed large in Bonn's relationship with its Western allies. Now, it confronts NATO with a crucial test of alliance solidarity.

The NATO Long Term Defense Program, agreed upon at Washington in 1978 by the heads of state and heads of government of the Alliance, envisages a long list of measures that are to remedy shortcomings in the Allied forces and improve their fighting efficiency. This major and costly effort at strengthening the common defense has been prompted by the Allies' realization of profound shifts in the balance between the forces of NATO and those of the Warsaw Pact. The relentless build-up in all categories of weapons and in manpower of the Soviet forces deployed in Europe has been threatening to upset the regional balance, thus increasing the vulnerability of NATO just at the time when the advent of strategic parity has reduced the credibility, if not the effectiveness, of the American nuclear umbrella over NATO Europe.

The objective of NATO's program for force modernization is to endow the defense of Western Europe with a strength sufficient to counter a limited, regional aggression by the Warsaw Pact without having to call for the intervention of U.S. strategic forces. It is not the objective of the proposed force modernization to enable the U.S. to "decouple" its strategic forces from the defense of NATO Europe. That cannot be its objective because the mission of the U.S. strategic forces is to deter those of the Soviet Union from attacking

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not only the United States but also our Allies. Last but not least, the United States has based a large contingent of its armed forces on the European continent and European waters. Whether or not an attack on these forces would elicit a strategic riposte launched from the U.S. against Soviet targets is a question for which there may not be a definitive answer today. What matters is that, here and now, the Soviet Union cannot answer it either way to its satisfaction.

NATO Defense

Given the determination of the NATO allies to redeem their pledges to raise the military budgets by three percent in real money, the Long Term Defense Program stands a fair chance of accomplishing its purpose, to wit, to bring the Allied forces deployed in Europe level with those arrayed by the Warsaw Pact against them. West Germany, because of its geographical location, economic wealth and military power, holds the key to the defense of Europe. That defense cannot be more effective militarily than the defense of West Germany. Specifically, the successful execution of NATO's Long Term Defense Program will depend crucially on Bonn's contribution to it. That contribution will, in turn, depend on the confidence of its people in the ability of the Alliance to protect their overarching national interests: security against aggression and the quest for the unification of all German peoples under peace and freedom. Since it has been the United States that has played the leading role in the establishment of both the West German state and the North Atlantic Alliance, the issue of the German people's confidence in the stability of the international order and their own future in it narrows down, in fact, to a vote of confidence — or no-confidence — in American leadership.

The implementation of one item — the most important one, I believe, of the Long Term Defense Program — is bound to test both West German commitment to the Atlantic alliance and the mettle of American leadership. The most grievous shortcoming of NATO's defense posture is its inferiority vis-a-vis the Warsaw Pact in intermediate-range, nuclear-capable weaponry. This imbalance, though it has been of long standing, has been thrown into sharp relief by 1) the Soviet Union's achievement of strategic parity, codified in the SALT II Treaty signed in Vienna; and 2) the massive deployment by the Soviet Union

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of new generations of intermediate-range weapons systems – notably the SS-20 missile and the Backfire bomber – capable of delivering nuclear strikes upon any place in Europe and beyond. On the face of it, NATO's most suitable counter to these weapons would be weapons of corresponding power and range. Indeed, the Long Term Defense Program seems to contemplate achieving this kind of symmetry. Some of these weapon systems are available now in the inventory of the American arsenal; others are said to be in an advanced state of development. They have two characteristics in common: they are costly, and they can hit targets in the Soviet Union.

The most likely candidates for deployment are said to be intermediate-range missiles of American make – probably, several batteries of a modified Pershing missile. A decision on where to emplace them now needs to be taken. The optimal geographical location appears to be the territory of West Germany. It is this issue – the basing on German soil of a nuclear weapons system capable of striking at the Soviet Union – that has deeply divided German public opinion. It has precipitated controversies that have sharpened the confrontation between Chancellor Helmut Schmidt's coalition government and the Opposition; it has split the Chancellor's own party, the SPD. Herr Wehner, the parliamentary leader of the SPD, addressing the 1979 Socialist Party Congress, declared the military posture of the Soviet Union to be "defensive" and urged negotiations on arms reduction as an alternative to NATO's program for increased armament. The delegates not having protested Herr Wehner's statement, it must be assumed that it met with the approval of the rank and file of the assembled party workers. The Chancellor and his Ministerial Colleagues did not chose to contest publicly the views expressed by Herr Wehner, who, next to the Chancellor himself, is the most influential leader of the SPD.

Herr Wehner's statement provides the backdrop of the subsequent parliamentary debate on national defense which, no doubt, it was meant to anticipate.

On March 6th, 1979, the Bundestag commenced its defense policy session. The record of the proceedings reveals the inwardness of the West German legislators' search for a national defense policy; it also sheds light on the present state of the U.S.-West German connection. Here a brief summary of the

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Bundestag defense debate, extended for several days, must suffice.

In reply to the statements of the Opposition spokesmen, Herr Friedrich Zimmerman, Herr Woerner, and Herr Kohl, deploring Herr Wehner's address to his party comrades, the Chancellor and the Defense Minister avoided taking an explicit stand on the latter. Both declared the "parallelism" of arms control negotiations and armament to be consonant with the mission of NATO, as defined by the Harmel Report of 1967. Both refused to let themselves be drawn into a discussion of the mounting threat posed by the Soviet Union's Eurostrategic weaponry, except for a brief reference to the SS-20, which the Defense Minister conceded to be "destabilizing." Both extolled the continued harmony of U.S.-German relations and reiterated their support of the SALT II treaty, thus aligning themselves with the "government chiefs" of the U.K. and France. The Chancellor saw fit to follow up his eulogy of the Washington-Bonn connection with words of warm praise for President Brezhnev, crediting him with "pursuing a responsible policy and not (intending) to wage a war of aggression in Europe," and basing this opinion on "much contact and personal trust."

Pressed by the opposition, Herr Apel enlarged on the NATO Long Term Defense Program's proposals for the deployment of intermediate range missiles as a counter to the increased Soviet Eurostrategic threat. He explained that a decision on this proposal had to await the report of NATO's High Level Group, charged with the supervision of the program, and its consideration by the Allies. He also stressed the "collectivity" of the Alliance: the medium-range threat was not aimed at the West Germans alone; all Allies were exposed to it. Therefore, Herr Apel suggested, Bonn should not get ahead of the Alliance — "stick its neck out . . . as the (opposition) wants it to." West Germany should wait until a "collective" decision has been made, and not seek to play a "special" role. Such a role befitted the nuclear weapons states, but not the Federal Republic. In sum, the Chancellor and the Minister of Defense ruled out a bilateral agreement between Washington and Bonn on stationing medium-range missiles on German soil. Herr Schmidt declared:

We are a host country, and as far as the number of soldiers

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> is concerned, the biggest host country in the alliance; also with regard to the nuclear weapons here; above all for the U.S. troops, for British, Canadian, Dutch, Belgian, French, and at times also Danish and Luxembourg troops; also for nuclear weapons of short and tactical range, not for those of strategic range so far, at any rate. *I do not want to categorically enhance this massing of undeniable peculiarities.* (Emphasis mine.)

Both the Chancellor and the Defense Minister denied President Brezhnev's charge on March 2nd that they had been "under Pentagon pressure" to agree to the deployment in Germany of medium-range missiles. Neither professed to see anything threatening or insolent in President Brezhnev's warning to Bonn not to carry out this vital part of the NATO Long Term Defense Program.

Commenting on the NATO program for force improvement the Chancellor, addressing the Bundestag, said: "I cannot foresee that any Federal Government in the foreseeable future could be prepared to enlarge essentially the German contingent in the ground forces in Central Europe." This assurance, which cannot have disquieted the Soviet Union, was followed by another one forthrightly addressed to the most tender spot of Soviet paranoia. Replying to an intervention by the Opposition, the Defense Minister said:

> "Granted, (China) the great and important country, is a country with which we want to trade and maintain contacts, enhance cultural exchanges, develop mutual openings and friendship. *But where will it get us if we pursue European politics that way, if I have to fear that you are thinking of letting yourself be hitched to other people's carts, if necessary at the expense of your country."* (Emphasis mine.)

In sum, the Chancellor and his colleague made it unmistakably clear that the Alliance could not count on West Germany as the one and only host for the improved Eurostrategic weapons systems of the Alliance. Herr Apel's stress on collectivity invites NATO to distribute these weapons systems among other allies willing to offer their territories for their deployment and to share the resulting costs – and risks.

Without explicitly taking a stand on Herr Wehner's philosophy on the unaggressiveness of the Soviet Union and the

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wisdom of parlaying before arming, the Chancellor and his Defense Minister appear to have embraced it. In the Washington 1978 meeting, the Allies agreed to set up the aforementioned High Level Group, manned by high ranking functionaries. Shortly after Herr Wehner's speech, in February 1979, the West German Foreign Minister, Herr Genscher, proposed the creation of a NATO Special Group, charged with the assessment of the Long Term Defense Program's implications for arms control and the "development of its own conceptual and operational proposals." NATO acted in record time on Herr Genscher's proposal: Bonn's Permanent Representative took the first "soundings" in early March and a month later, after Council approval described as "enthusiastic," the first session of the Special Group convened. Whatever might have been the rationale for this organizational innovation, the timely launching of the Group appears to respond felicitously to the stated concerns of Herr Schmidt and Herr Apel about the "parallelism" of arming and arms control negotiations.

The High Level group completed its work in July 1979. Their Report, said to contain recommendations for the deployment of intermediate – Eurostrategic – weapons systems, has been submitted to the Council, which, in turn, has committed it to the deliberations of the Special Group. The latter is supposed to come up, by the end of the year, with its report that, presumably, will assess the impact of the proposed force improvement on future negotiations with the Warsaw Pact on force limitations. Certainly, these procedures cannot be faulted for undue haste.

Bonn Uneasy With NATO Commitment

Quite clearly, Herr Schmidt's government will not "stick its neck out." Quite clearly, if it must "stick it out," it wishes for a few hardy companions. Herr Schmidt has left his NATO colleagues under no misapprehension about the *sine qua non* of the West German acceptance of NATO's invitation to accommodate land-based intermediate-range missiles on its soil: several continental European allies, other than the U.K., must join in this undertaking. Herr Schmidt has not failed to clarify his reason for insisting upon the addition of *continental* NATO members to the Eurostrategic club: being a nuclear weapons state, the U.K., as Herr Schmidt remarked, holds "special

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status" – and, hence, had always borne the risk that goes with that status, namely drawing the Soviets' nuclear fire. Herr Schmidt would like to see some of his continental neighbors accept the same risk – the risk that goes with basing nuclear weapons that can hit targets in the Soviet homeland. Herr Schmidt, so I understand, has, in his communications to the U.S. Administration, expanded explicitly and vigorously on his guarded remarks to the Bundestag.

The statements of the Bonn government ministers, made in the open sessions of their parliament, cannot be taken as unreserved commitments to NATO's plans for achieving regional parity with the Warsaw Pact. As the Chancellor sees it, West Germany has done its part in enabling NATO to accomplish its mission. Indeed, it has meticulously met its NATO commitments; its defense budget, both in total expenditure and as a part of the GNP, is second only to that of the U.S. West Germany has no reason to hang its head in the NATO Council. To the contrary, a good many of its citizens believe that the nation's defense effort is ample, and that some of her prosperous fellow allies contribute less than their fair share to the common defense of the Alliance and, hence should and could emulate the West German example.

Chancellor Schmidt hopes to win the general election in 1980 and another five years in office. To do so, he needs the unanimous support of his party and, hence, of Herr Wehner's and Herr Brandt's large and activist faction. He also needs the solid vote of the SPD's most important constituency, namely the clientele of the bountiful and immensely costly welfare state that the SPD claims as its own and most beneficial achievement. An increase in the defense budget would be bound to necessitate an increase in taxation that could not be made up by revenue from the higher income brackets and, hence, would eat into the paychecks of West German wage earners, most of them members of powerful trade unions. The other alternative would be to halt the constant increase in public, non-defense expenditures, if not to reduce them. The Defense Minister, Herr Apel, in his aforementioned statement to the Bundestag, rejected the latter alternative:

> I am asking you sincerely, even if we are discussing defense expenditures, not to forget the intermediate relation between outward security, between outward peace and social

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peace. Defense and security policy must always keep that in mind. Our country will be capable and prepared to defend itself if social and inner peace in our country are secured. This, too, is part of our security policy.

All throughout his long and distinguished political career, Herr Schmidt has never wavered in his allegiance to the Western Alliance, in his friendship for the American people and his opposition to Soviet totalitarianism. Therefore if his statements to the Bundestag, reserving Bonn's position on the issue of NATO's defense against the Soviet Union's Eurostrategic threat, seem to strike an ambiguous note, then mere consideration of electoral politics cannot have prompted it. Among European statesmen, the Chancellor has been famed for his bluntness and aversion to prevarication. Hence, the explanation for the Chancellor's noncommittal if not evasive stance needs to be sought in his reassessment of the international situation and West Germany's place in it. The Chancellor has refrained from publicly casting doubt upon the solidarity of the Western Alliance and the purpose of its most powerful member, the United States. He, like every European statesman, knows that the might and the leadership of the United States are the pillars of the West's security. A sequence of events has, during the tenure of the incumbent U.S. Administration, cast doubt upon American power and resolution. No other NATO country depends more on both for its very existence, than West Germany, which has signed, at the urging of the United States, the Nuclear Non-Proliferation Treaty.

Whatever might be the shortcomings of the SALT II Treaty, it cannot be faulted for a lack of candor about the true state of the strategic balance. The reduction of the U.S. power from strategic superiority to strategic parity, codified by the Treaty, signifies a reduction in the effectiveness of the strategic umbrella that the U.S. holds over NATO Europe, and that, thus far, has compensated for the shortcomings of NATO's forces deployed in the European theater. There is no good reason why, in the future, U.S. strategic power could not at least match Soviet strategic power; why NATO could not ensure a balance of forces in the European theater; and why the Western Allies could not thus maintain indefinitely the equilibrium between the sum total of their forces and the sum total of the Warsaw Pact forces. All the indices of potential military power – eco-

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nomic wealth, manpower and technological inventiveness — point to the clear superiority of the West over the Soviet bloc. In brief, the West, if it has the will, can have military security — and military security to spare. For a certainty, Chancellor Schmidt, like every European statesman, has, in his mind, worked out this simple equation, and realizes the importance of the factor that NATO's Long Term Defense Program is supposed to contribute to it. Yet, he seems reluctant to commit West Germany to the expeditious execution of an essential part of that program. For this, too, there must be a weighty reason.

Uncertainty Over U.S. Resolve

The reason that has weighed most heavily on the Chancellor's judgment has been the disarray and vacillations of the Carter Administration's foreign and security policies. Although the Chancellor has refrained from openly criticizing the U.S. Administration, the drift of the Bundestag debate allows us to infer his (and, for that matter, most every thoughtful German's) true concerns about the American purpose.

Of course, West Germany like every NATO ally, must be concerned with the state of the U.S. strategic deterrent. The stop-and-go approach of the Carter Administration to improving the U.S. strategic forces — the decision to go ahead with the B-1 bomber program and then its cancellation; the decision to proceed with the MX missile program and, then, its stretch-out; the apparent quandary of the U.S. Administration about alternative proposals for remedying the predictable vulnerability of the U.S. ICBMs and how to square them with the SALT II Treaty — cannot reassure our allies about the purposefulness of the Alliance's leader. Indeed, ample commentaries in the European parliaments and press and public opinion polls in the U.S. suggest a transatlantic perplexity about the Hamletian conduct of the Carter Administration, wrestling with the overarching issue of Western security.

No one has better cause for disquiet about the Carter Administration's management of Allied Defense than has Chancellor Schmidt. At the behest of the Carter Administration, Chancellor Schmidt, in 1978, committed Bonn to the deployment of the Enhanced Radiation Weapon, here and now the most practical weapon for countering superior Soviet armored forces. Expending precious political capital, resisting bravely a well-financed

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propaganda campaign against the use of this allegedly inhumane weapon and overriding the heavy opposition of the disarmers in his party, the Chancellor succeeded in winning sufficient popular support for the proposed deployment of the "radiation bomb." Thereupon, President Carter decided to defer said deployment – without, however, alerting Bonn to his change of mind. The Chancellor cannot be expected to have altogether forgotten this fiasco, which has not only damaged the prospects of NATO's defense but also harmed his own political prestige. When Herr Apel, addressing the Bundestag, pointedly declared that Bonn would not "stick its neck out," the meaning of his metaphor was not lost on his audience: never again would the government of West Germany allow itself to be compromised by the vagaries of decision-making as practiced by the Carter Administration.

Understandably, the concerns of West Germany revolve, first and foremost, on development within the treaty area of the North Atlantic Alliance that affect directly its security and prosperity. Economically, West Germany is, next to the U.S., the greatest Western power; politically, its influence throughout the world, though growing, remains modest. This does not mean, however, that West Germany is disinterested in what happens outside the treaty area of the Western Alliance. To the contrary, the Federal Republic, as crucially dependent on its free access to overseas sources of raw materials as is Japan, cannot be indifferent to developments that impinge on the world order. Some shattering events, unfolding during the last two years, cannot have strengthened West German confidence in the stability of the international order – and the U.S. determination to preserve it. The apparent helplessness of the United States in the face of the exactions of OPEC, the tribulations of the energy crisis and the fall of the dollar have impressed on the West German public psyche a sadly diminished image of American world power. Nor has the passive attitude of the United States toward the events in Iran, leading to the overthrow of its most important supporter in the Middle East, been conducive to reassuring West Germany about the steadfastness in need of American friendship.

These failures of policy and nerve, adding up to a worldwide retreat of American power, have engendered a crisis of confidence that smoulders under the placid surface of official U.S.-

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West German relations. Chancellor Schmidt's bland endorsement of the SALT II treaty should not be taken as an unqualified approbation of its content. It has earned the Chancellor's approval not because it strengthens the security of the Alliance – which it does not – but because it promises to put off a crisis in U.S.-Soviet relations, in which European rather than American interests might be the first to suffer. His praise, in his Bundestag speech on defense, of President Brezhnev's "readiness to expand and enhance measures for consolidation of mutual trust" and "responsible policy," seems to have been intended to soothe the irritability of an increasingly truculent Soviet Union, rather than to stir his listeners' sense of urgency about strengthening West German defense. Thus, the Chancellor's rhetorical acclaim of U.S. leadership and the wisdom of its dealings with the Soviet Union shifts global responsibility onto the U.S. – whereas Bonn, for its part, should await "collective decisions" rather than play a "singular, special role." The meaning is clear: henceforth, Bonn intends not to be caught in the middle – between the Soviet Union and the U.S. "Chinese card"; between the U.S. and the oil rich Arab states; between the hazards of extra-regional issues and the uncertainties of U.S. conduct in world politics. Put in other words, West Germany feels vulnerable because it deems the U.S. irresolute, if not weak, and hence, seeks to hedge its bets on the effectiveness of the U.S. guarantee.

Germany is a divided country. Neither of its parts is in control of its own future. In the last resort, it will be the international balance of power that will determine Germany's future – whether Germany will stay divided or whether it will be united; whether a united Germany will be democratic or communist. Thus, all Germans cannot help looking East and West, some with hope and some with fear. This is the German dilemma.

Chancellor Schmidt, like every statesman, needs to put national survival ahead of sentiment. Though a great leader, he needs to heed the popular mood. In the Federal Republic, a new generation, unburdened by the searing experiences of World War II and secure in an economic and political order wrought by its predecessor, cannot be expected to respond to the calls for sacrifice on the altar of national defense in quite the same way as did its elders. Its attitudes towards the great issues of world politics and its own part in them hardly differ

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from those of the post-war generation in most other West European countries. Yet in no European country has the American influence been stronger than in West Germany; no other European people has felt itself more closely tied to the U.S. Hence, the crisis of confidence, engendered by the failures of American leadership in the world, strains not only the relationships between the Bonn and Washington governments but also the fabric of Germany society, a society that has taken ours as a model.

In sum, the U.S.-German relationship has deteriorated alarmingly. West Germany is reviewing its priorities in international politics. If the United States cannot restore the health of a partnership that is essential to the security and well-being of all free peoples, then what is left of the Western writ will be in even deeper trouble than it is now.

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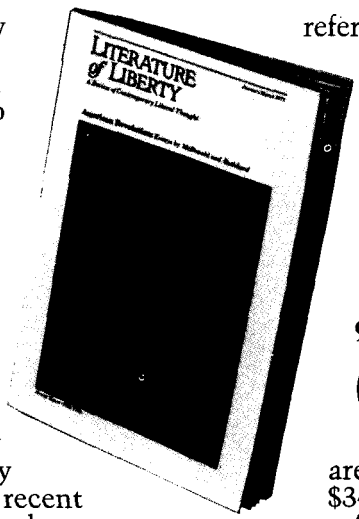

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Why Conservatives Should Be Big Spenders

JAMES T. BENNETT AND MANUEL H. JOHNSON

Pundits and other protagonists have long pilloried U.S. politicians and other possessors of public positions.[1] For example, Mark Twain in *Pudd'n Head Wilson's Calendar* (chapter 8) noted that "it could probably be shown by facts and figures that there is no distinctly native American criminal class except Congress." Somewhat more recently, the nemesis of politicians (and government in general), H. L. Mencken, wrote that

> [Politicians], in point of fact, are seldom if ever moved by anything rationally describable as public spirit; there is actually no more public spirit among them as so many burglars or street-walkers. Their purpose, first, last and all the time, is to promote their private advantage, and to that end, and that end alone, they exercise all the vast powers that are in their hands.[2]

Not only have politicians frequently been publicly panned, but it is also popular to espouse the platitude that all politicians are alike. Witness the well-worn dictum of Governor George Wallace that there isn't a "dime's worth of difference between them." No evidence, however, has been presented to date which directly addresses the issue of whether "liberal" and "conservative" politicians exhibit different behavior as individuals in managing public funds under their direct control. This paper is concerned with the economic behavior of individual U.S. senators in spending for staff in order to determine whether conservatives do, in fact, differ from liberals.

1. This practice is by no means limited to the United States. In Gilbert and Sullivan's *The Gondoliers* (Act I), first produced in 1889, a character remarks "that's the kind of politician for *my* money!"

2. Mencken, H.L., *Prejudices* (New York: Random House, 1919) p. 180.

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The Politician and Public Expenditures

Politicians play two roles with respect to public expenditures: first, in conjunction with other members of the legislative body, they participate by their votes in determining a wide variety of expenditure measures; and second, each politician is allocated a fixed amount of public funds to be spent at his own discretion. In the U.S. Senate, a wide variety of official allowances are provided to each member. Funds are allocated for staff, travel, purchase of equipment, stationery, telephone and telegraph, and so forth. Our concern here is with expenditures for staff, because the allocation for this purpose is the largest and because these funds cannot be transferred to other uses or carried over from one fiscal year to another.[3] Senate staff are employed for a variety of purposes: to assist with legislative matters (legislative aides), to respond to constituents' complaints and inquiries (caseworkers), to deal with the press (press aides), to operate area offices in the home state (state assistants) and, of course, to supervise the coterie of clerks, interns, typists, secretaries, and assorted factotums associated with a senatorial office (administrative aides).

A priori, there is no reason to believe that an individual politician views public funds allocated through the voting process in the same way he views allowances under his own direct control. In contrast to the publicity given to the votes cast by individual politicians on various pieces of legislation, the spending of public monies allocated to individual legislators has not, in general, been given wide publicity. In the collective decision-making process, the vote of an individual legislator plays only a small role, because it is extremely rare for a legislative decision to be decided by a single vote – a legislator may even vote for a bill which he personally opposes or against a bill that he favors without affecting the outcome, particularly if he knows the results of a "straw poll" which has been taken

3. It is also difficult, but not impossible, for a member of Congress to divert these funds to his own or his family's income, for personnel regulations strictly prohibit nepotism; individuals with a familial relationship closer than second cousin cannot be hired. Congressman Charles Diggs, however, was convicted of taking salary kickbacks from staff members and ex-Congressman Wayne Hayes was rumored to have taken payment in kind.

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in advance – a not uncommon occurrence. In the case of the expenditure of public funds budgeted specifically for the use of the individual legislator, however, his decisions are decisive.

In general parlance, politicians who oppose "excessive" government spending are labeled as "conservatives." Thus, an interesting and important issue is whether a senator who is viewed as conservative in making collective decisions is also conservative in the management of public funds under his direct control. A conservative who practices what he preaches publicly should be parsimonious with the public purse; he should derive greater satisfaction than the "free-spending" liberal from returning unspent staff allocations to the Treasury. On the other hand, if senators do not follow their personal convictions in their political decisions, there should be no significant difference between conservatives and liberals in their spending for staff.

The authorized allowance for administrative, legislative, and clerical assistance for senators in fiscal year 1978 depended upon the population of the senator's state, so that it ranged from approximately $508 thousand (if population was less than two million) to slightly over $1 million (if population was 21 million or more). In addition, each senator was also permitted to spend $157,626 for legislative assistance on committees.

The Empirical Evidence

In order to make comparisons of the relative thrift of individual senators in spending for staff it is necessary to take into account the variation in senators' staff spending allowances, which depend upon the population of the senator's home state. Therefore, the relevant basis for comparison between liberals and conservatives is the *proportion* of staff budget returned to the Treasury by each individual senator, rather than the absolute amount spent.

In order to determine whether the proportion of staff funds unexpended is related to a senator's political philosophy on collective decisions, an indicator of each senator's conservative or liberal leanings is required. Fortunately, a number of such measures are available. Four are employed in this study: the Americans for Democratic Action (ADA), the American Conservative Union (ACU), and the AFL-CIO labor union score-

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cards (which tally for each senator the percent of "correct" votes from the viewpoint of each organization), and political party.

The ACU index rates "ultraconservatives," such as Helms and Laxalt, at 100 and "ultraliberals," such as Inouye and Case, at 0. The ADA and AFL-CIO ratings, as might be anticipated, rank liberals at 100 and conservatives at 0. To make these three rankings consistent measures of conservatism, the ADA and AFL-CIO ratings were subtracted from 100.[4] It is interesting that, with the exception of political party, all four measures of conservatism are highly related;[5] thus, even among these diverse organizations, there appears to be a general consensus regarding which senators are liberals and which are conservative.

In Table 1, the ten senators who returned the largest percentages of their staff allocations are compared with the ten senators who returned unspent the smallest percentages. These two groups both differ considerably from the mean, for the average senator returned 15.1 percent of his staff budget. For example, Senator Scott of Virginia returned 62.2 percent, whereas Senators Anderson of Minnesota, Clark of Iowa, and Gravel of Alaska returned none of their allotted staff funds. As is readily apparent, there are substantial differences between the ten highest spenders for staff and the ten lowest. All of the top ten spenders are Democrats, but only four of the ten frugal spenders belong to that party. When the three continuous indicators of conservatism are used, the ten most thrifty senators, on the average, received a significantly higher conservative ranking than did the ten most "profligate" politicians.[6]

4. Actually, the AFL-CIO reports the number of "right" (R) and the number of "wrong" (W) votes by each senator. An index was generated by calculating the proportion of "wrong votes" as a measure of conservatism, i.e. W/(R+W) x 100.

5. Republicans are generally regarded as conservative, but in the South, many conservatives are Democrats. Therefore, political party is not a reliable predictor of political philosophy.

6. A t-test for the difference between the means of the two groups was computed for each of the three measures of conservatism and all indicated that the chances were less than five in ten thousands that the ten senators who returned the greatest proportion of staff funds unspent were liberals.

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TABLE I

The Ten Senators with the Smallest and the Largest Percentages of Unspent Staff Budgets Returned to the Treasury in Fiscal Year 1978 with Party Affiliation, Home State, and Three Measures of Conservative Ranking

Smallest Proportion Returned					Largest Proportion Returned				
	Returned	ADA	AFL-CIO	ACU		Returned	ADA	AFL-CIO	ACU
Anderson (D, MN)	0.0	65	13	0	Scott (R, VA)	62.2	90	84	97
Clark (D, IA)	0.0	10	12	3	Zorinsky (D, NE)	53.1	75	72	73
Gravel (D, AK)	0.0	30	19	10	Pearson (R, KS)	50.2	70	61	14
Riegle (D, MI)	0.2	15	8	5	Burdick (D, ND)	42.5	45	16	24
Hart (D, CO)	0.2	35	20	5	Byrd (I, VA)	41.4	90	88	92
Haskell (D, CO)	1.4	50	24	8	Stafford (R, VT)	40.0	45	30	17
Melcher (D, MT)	1.8	55	26	24	Young (R, ND)	36.7	95	77	72
Stone (D, FL)	2.5	75	49	38	Chafee (R, RI)	32.2	45	46	22
Durkin (D, NH)	3.2	35	9	13	Randolph (D, WV)	29.8	70	25	32
Culver (D, IA)	3.8	15	11	3	Stennis (D, MS)	29.6	90	78	59
Mean	1.3	38.5	19.1	10.9	Mean	41.8	71.5	57.7	50.2
Standard Deviation	1.45	22.24	12.22	11.70	Standard Deviation	10.69	20.28	26.50	32.03

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Of course, although the data in Table 1 are very indicative, the conclusion that conservatives are, indeed, fiscally conservative in staff spending relative to liberals applies only to the two extreme groups of spenders, not to the Senate as a whole. Moreover, other factors such as tenure, committee chairmanships, committee service, and different constituency characteristics can influence the proportion of budget spent on staff. Therefore, a multivariate model which takes into account relevant variables in addition to political philosophy was estimated, using all senators as the observation set.[7] This complete model confirms that conservatives are fiscally conservative, relative to liberals, with regard to staff expenditures. The average senator receives a staff budget of $712,670. Based upon the estimates which employ the ADA measure of conservatism, an ultraconservative would spend $136,833, or 19.2 percent, less on staff than an ultraliberal. Thus, if the entire senate were ultraconservative, total spending on staff would be reduced by $13.7 million.

Implications for the Political Balance

Although our findings indicated that conservatives personally practice what they preach, from an economic perspective, such behavior toward staff spending may be "penny-wise but pound-foolish." The Senate's most important work is done in committees, where the role of staff work is particularly important. A senator can be no more effective than his staff preparation allows him to be. Conservative senators could be observing false economy in that, by saving the taxpayer a relatively small amount in salaries, they are foregoing the chance to prevent the waste of millions of dollars. A capable and energetic staff assistant could aid a senator in exposing waste, programs of dubious value, and outright corruption which cost taxpayers dearly.

At the extreme, the taxpayer would enjoy a net benefit if a staff member who received total compensation (including fringe benefits) of, say, $40,000 were able to reduce waste and/or corruption by even as little as $40,001. Given the present state of affairs, it should be fairly simple for a moti-

7. This paper is available on request from the authors.

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vated individual to earn his salary many times over. No matter how anxious they may be to reduce federal spending, senators do not have the time to scour every piece of legislation looking for the unnecessary expenditures and pork-barrel projects that bloat the federal budget. But a fully-manned, aggressive staff can do the necessary research.

Good help is expensive anywhere, and in Washington the high cost of living makes it virtually impossible to assemble an effective congressional staff on a shoestring budget. So as long as liberal senators spend more money on staff, they will have a built-in advantage in effectiveness over their conservative colleagues.

A senator's staff is not only a research tool, but also a major resource in advancing programs that correspond to the senator's political philosophy. For years, the Senate has been largely dominated by individuals with liberal leanings. The effective use of more staff by conservatives could serve to enhance the conservative cause in general, by offering alternatives to liberal programs and facilitating the understanding of conservative issues by other senators and the public.

Political commentators often wonder why, as the polls indicate an increasingly conservative national electorate, congressional actions fail to keep pace with the rightward drift. Perhaps one reason is the reluctance of conservative legislators to use the funds allotted to them for staff expenses. A senator whose reputation is based on his careful protection of the taxpayers' money may generate favorable publicity by observing the same thrifty practices in his staff spending. But in reality that senator might be cheating his constituents of the effective representation they deserve. The congressional staff is the medium through which the public will is either actualized or thwarted. Even though the conservative senator may derive personal satisfaction from returning unspent staff allowances to the Treasury, such a course of action may not serve his own best interest or those of the nation. In this one area, conservative legislators might be better advised to ignore their ordinary instincts and spend more freely.

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The Unnewsworthy Holocaust

WILLIAM ADAMS AND MICHAEL JOBLOVE

In April of 1975, Khmer Rouge forces overran Phnom Penh. Until their fall from power in the winter of 1979, the world was witness to one of the most bizarre and brutal revolutions of this century. The costs of Khmer Rouge rule were high. By starvation, disease, or execution, an estimated one to three million of Cambodia's eight million people died.

No other single episode has involved a greater loss of life during the last quarter century. Yet despite the barbarism and magnitude of the tragedy, little public attention was directed to Cambodia. It was ignored by the U.S. media, government, and people.

The death toll was at least 1,000 times greater than that of the Jonestown murders and suicides, but news coverage of Cambodia was a fraction of that given to Jonestown. Added together, all three television networks devoted less than 60 minutes to the new society and human rights in Cambodia over the entire four-year Khmer Rouge period. Nearly three hours were spent detailing the Jonestown deaths in the first week alone.

We were interested in what Americans were learning about human rights and society in Cambodia from their preferred source of international news — early evening, network television news. We examined Vanderbilt University's *Television News Index and Abstracts* from April 1975 until December 1978. The Vanderbilt Archives loaned us compiled videotapes of the stories we had identified from the abstracts. The stories selected were all those about Cambodian refugees, genocide, general Khmer Rouge policies and the reconstruction of society. Excluded were purely military stories about border clashes, civil war, and the Mayaguez. Research was conducted at the television news studies facilities of the George Washington University Library. The findings were generally consistent across all three networks.

The stories were so sporadic that even the most constant viewers could not be expected to grasp the gravity of the

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Cambodian crisis. From April 1975 to December 1978, NBC aired ten stories (17 minutes 35 seconds) on life in the "new Cambodia," compared with 13 stories on CBS (28 minutes 55 seconds), and six stories on ABC (11 minutes 25 seconds). This averages out to less than 30 seconds per month per network on the rule of the Khmer Rouge.

ABC offered a little over 4 minutes in 1975, and the next year carried one human rights story about Cambodia. Two years passed before ABC returned to the subject. In April 1978, ABC viewers heard anchorman Tom Jarriel say President Carter had condemned Cambodia as "the worst offender in the world" with regard to human rights. Ten seconds; end of story. Carter had apparently not been watching ABC news.

CBS focused on human rights in Cambodia for 60 seconds during 1975, for 6 minutes 10 seconds in 1976, and again in 1977. CBS stepped up coverage in 1978. In April 1978, CBS ran two special reports – each over 4 minutes. Later in August, after Senator McGovern's call for armed intervention in Cambodia, CBS spent 2 minutes 20 seconds on the subject of Cambodian human rights.

NBC's nearly 18 minutes of coverage over 4 years almost equaled a single night's coverage of the Guyana massacre. NBC did broadcast a Segment Three (4 minutes 30 seconds) feature on human rights in Cambodia during the evening news on June 2, 1978. Once NBC even opened its program with a lead story on Cambodian suffering (July 20, 1975). The 30 second story concerned an attempted escape of 300 Cambodians; only 12 people had survived. Neither CBS nor ABC carried the story. This story and its placement were quite exceptional. No other Cambodian human-rights story was ever made the lead; usually they were placed midway through the broadcast. Little time was devoted to the steady stream of refugees who succeeded (or failed) in escaping what they called the "terror' of their homeland.

This accounting of airtime on human rights in Cambodia does not measure the number of times when, in a story that otherwise was about a border clash with Vietnam, the regime might have been referred to as "harsh." However, the figures are actually generous because they include airtime devoted to any discussion of the "new society" created by the Khmer Rouge, some of which dismissed or ignored reports of genocide.

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When this "harshness" was specifically mentioned, treatment of the subject of mass murders varied wildly – sometimes treated with skepticism, sometimes as undisputed fact, sometimes as mere rumor. The issue of genocide was explicitly addressed in only 55 seconds by ABC, 3 minutes 30 seconds by CBS, and 3 minutes 45 seconds by NBC.

On August 21, 1978, Senator McGovern called for an international force to invade Cambodia in order to stop the genocide. The incongruity of George McGovern advocating military action in Southeast Asia was enough to attract some attention. ABC interviewed the Senator and included a follow-up clip of a refugee's personal story of tragedy. CBS covered the subcommittee meeting at which the plea was made. NBC gave minimum coverage with Jessica Savitch reading a 20 second summary.

Silence Despite Numerous Reports

Why was the massive loss of life in Cambodia given so little attention? It was not that the networks were not alerted to the impact of the new regime. As early as June 24, 1975, in a speech covered by all three networks, Secretary of State Kissinger stressed that Cambodians had "suffered a terrible death toll" under the Khmer Rouge. CBS and NBC attributed the massive deaths to the forced march of civilians from urban to rural areas, while ABC mentioned "reports of mass executions of soldiers of the former government's army." CBS also mentioned that Freedom House had compared the Cambodian events to the Nazi annihilation of six million Jews.

On July 8, 1975, as eyewitness reports of barbarism were brought by escaping refugees, NBC ran a story with correspondent Barry Kalb. According to Kalb, "the story [the refugees] have been telling is one of horror." One witness saw "1,500 bodies, all knifed to death." One refugee, put directly on the air (rather than paraphrased, which was more common), said people were killed "if they didn't plant rice" and said he had recently seen 1,000 dead bodies. Kalb notes that skepticism first greeted such stories, "but now there are so many that it must be true."

Somehow this remarkable NBC story did not generate others. The fact that thousands of people were filling up refugee camps across Thailand with accounts of mass murders and starvation in Cambodia was not deemed newsworthy.

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ABC's single enterprising story in 1975 was an interview with the then head of state, Prince Sihanouk. This was the only network interview with a Cambodian government official since Kissinger's speech on the massive loss of life, since the Kalb story of atrocities, and since newspaper accounts of forced labor camps and executions. Harry Reasoner was not shown questioning Sihanouk about any of these matters. Instead the Prince was shown talking about rice production and boosting the economy. This prompted Mr. Reasoner's roughest question:

> Prince Sihanouk, you spoke of the necessary severe and austere government. Now I think of nothing more unlike the Cambodian people than severity and austerity. Have they changed?

To this hard-hitting question Sihanouk answered:

> No, no, no, no. You know the Khmer Rouge, they are very nationalistic. Also, they want Cambodia to remain Cambodian. When I say severe or austere I mean that we have to walk much more than before. But, Cambodians, they remain Cambodians. They like joking. They like laughing, they like singing. So they continue to do it. There is really a general way of life and there is still this way of life in Cambodia.

Sihanouk's depiction of the joking, laughing, singing Cambodian people was not seriously questioned by ABC news that year.

On January 26, 1976, CBS aired one account from reporter Peter Collins about forced evacuation from the cities, forced labor in the fields, and a refugee tale of five workers beaten to death with an iron pipe. Collins concluded that no one had been allowed to verify the refugee horror tales, "but their accounts of life across this frontier are so numerous and detailed, there seems little doubt that the new Communist regime is continuing its harsh reform of Cambodia, under what refugees describe as a reign of terror." But CBS did not pursue the story. Six months passed before CBS again focused on this "reign of terror."

The Networks Awaken

In 1978, after two years of neglect, the networks ran a handful of stories about human rights in Cambodia. On January 18, 1978, CBS covered Deputy Secretary of State Warren Christopher's condemnation of the "systematic terror and

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grinding down of the Cambodian people." "Hundreds of thousands of human beings," he said, ". . . have perished under this regime." (Neither NBC nor ABC made any mention of the speech, although it had been five months since NBC had told its viewers about human rights "problems" in Cambodia and nearly two years since ABC had.)

A two-part "Inside Cambodia" series by CBS's Bert Quint was aired April 20 and 21, 1978. Quint made references to estimates of one million people having been killed, though he cautioned that the figure "had not been confirmed by neutral observers." "Neither," he added, had "the new rulers bothered to deny them." Refugee accounts of harsh working conditions and mass killings were also mentioned.

Also on April 20, 1978, NBC ran a retrospective on Khmer Rouge rule. John Chancellor introduced the piece:

> It was three years ago this week that the city of Phnom Penh was captured by the Khmer Rouge revolutionary movement, and since then the story of Cambodia has been a horror story: — The cities emptied — thousands killed or allowed to die in the countryside. There have been charges of genocide.

Thus, in the fourth year of its rule, the Khmer Rouge emerged on television as a nasty and tyrannical — though rarely newsworthy — group that was probably implicated in the ominously empty streets of Phnom Penh. David Brinkley, having evidenced little prior moral outrage on the subject, called them "iron-fisted murderous savages" in a brief 1978 commentary.

By late 1978, the occasional network stories had even begun to stop "balancing" the reports of mass execution with reports of "cleaning up the cities." Death estimates that had earlier been simply "reports of mass death" (NBC, 7/8/75) became in 1978 "stories of one million killed" (CBS, 4/20/78), "hundreds of thousands, possibly two and one-half million killed" (CBS, 8/21/78), "one hundred thousand to one million" (NBC, 6/02/78), "one to three million" (NBC 9/21/78).

Bad Story or Bad Conscience

Network television news cannot cover everything. After commercials and credits, early evening news shows have less than 23 minutes of news time. Certainly the criticism that broadcast news people themselves make most frequently is

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that it is too brief. In this light, they note, the omissions and compression imposed by brevity are unfortunate but also unavoidable. (Blame then shifts to affiliates who resist expansion to an hour of network news.) Nevertheless, it is difficult to understand why the tragedy of Cambodia never secured any sustained attention.

One explanation is ideological. Events in Cambodia appeared to contradict the supposed Lessons of Vietnam. The wisdom we were to have acquired in Southeast Asia was that leftist guerilla insurgents were nationalistic and relatively benign, were likely improvements over the corrupt rightist regimes they replaced, and were certainly not worth any significant expenditure of American diplomatic, economic, or military power. As a *New York Times* headline put it: "Indochina Without Americans/For Most, a Better Life" (April 13, 1975). Unfortunately, Pol Pot's epigones of Marx-Lenin-Mao had not read this particular script. Telling powerful stories of mass death and murder, the "unverified" news from thousands of Cambodian refugees could not be easily broadcast or printed to fit the Lessons of Vietnam.

There are other possible reasons for the lack of coverage. However, some of the usual explanations are inadequate.

When television news downplays a story that would otherwise appear to merit more coverage, the explanation is often that the story lacked "good pictures," lacked drama and controversy, or lacked human interest. Television news, students of the medium repeatedly note, places a premium on stories that can be made visually interesting and that create emotional involvement by showing continuing sagas of conflict, danger, irony, humor, tragedy. Cambodia under Khmer Rouge rule should have qualified superbly for the dramaturgy of television news. Only one barrier hampered coverage: camera crews were not invited inside the borders to beam home pictures of death, executions, and the forced march into the countryside. Poignant and striking footage was available without end, however, in refugee camps all across eastern Thailand. The horrible tales of death told movingly by escaped Cambodians made Kalb's July 1975 story a strong and vivid one. With continuous daring escape attempts, the uprooted and terrorized families, and the vandalizing of an historic culture, human interest stories were scarcely in short supply. The fact that television

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ignored the upheaval in Cambodia simply cannot be attributed to a dull story with poor pictures.

An even less convincing argument for the lack of coverage is that the outside world did not really know precisely what was going on within the jungle borders. Pol Pot did not issue a press release confirming the number of deaths as three million or merely three hundred thousand. Nor was it announced how many of the deaths should be attributed to starvation, the forced march, disease, bullets, or being clubbed to death. Not knowing exactly, the argument goes, the media prudently overlooked the subject entirely.

This head-in-the-sand argument is a bizarre one. Even the possibility of mass murder of thousands, let alone tens of thousands (at a time when Americans were watching "Holocaust" in prime time), would surely trigger a sustained effort at intense and tough investigative reporting. That the dimensions of the chaos in Cambodia were not altogether clear becomes an argument for greater media scrutiny and examination, not less. From Three Mile Island to Jonestown to Skylab to DC-10s, uncertainty as to the possible scope of a misfortune is usually an incentive, not a deterrent, to additional coverage.

In the case of Cambodia, from the earliest days of the Khmer Rouge there were repeated and consistent reports from refugees in camps hundreds of miles apart telling similar stories of death and murder. Only a handful of these stories found their way onto network television.

Another, more plausible, explanation for the low level of television news about Cambodia was the strange silence from the White House. Scholars a decade ago observed that television, even more than the print media, is obsessed with the Presidency. The absence of Presidential concern about Cambodia would thus be likely to decrease the prospects for network coverage still further. Neither Carter nor Ford directed any sustained attention to events under the Khmer Rouge. Both administrations engaged in the ritual of an annual condemnation of the regime, but little more – no major diplomatic offensives, no continual publicity effort, no stream of speeches, no public debate over more overt moves. With little but token gestures from the President, at least one major factor that would promote network coverage of the subject was absent

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(this is also partly circular, because greater media attention would likely stimulate more concern with the subject at the White House.)

Silence in the Press

One other explanation for television news' lack of concern with Cambodia is that television caricatures the front page of the prestige papers. Assignment editors rely heavily on the *New York Times, Washington Post*, and wire services to set the network agenda. Television news, as this line runs, is afraid to veer far from the pack and extremely unlikely to provide sustained coverage of a topic given little attention in print. While this explanation begs the question of *Post* and *Times* coverage, it does help account for television's pattern. In fact, until mid-1978, the *Times* and the *Post* gave very little space to events in Cambodia.

In the summer of 1978, both papers began to run two or three stories a month relating to human rights in Cambodia. While this falls far short of the attention focused on authoritarian regimes in the West, it far exceeds the coverage given throughout 1975, 1976, and 1977. In those years, only two or three news stories regarding human rights in Cambodia were run during each twelve-month period. Thus, television coverage as a proportion of available time and space compares favorably to print coverage.

The problem of inattention and silence was highlighted in the *New York Times* editorial on July 9, 1975:

> . . . The picture begins to emerge of a country that resembles a giant prison camp with the urban supporters of the former regime being worked to death on thin gruel and hard labor and with medical care virtually nonexistent.
>
> The mouthing of such high-sounding objectives as "peasant revolutions" or "purification" through labor on the land cannot conceal the barbarous cruelty of the Khmer Rouge, which can be compared with Soviet extermination of the Kulaks or with Gulag Archipelago.
>
> What, if anything, can the outside world do to alter the genocidal policies of Cambodia's hard men? Silence certainly will not move them. Were Cambodia a non-Communist or non-Third World country, the outraged protests from the developing and Communist countries,

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not to mention Europe and the United States, would be deafening.

Members of Congress and others who rightly criticized the undemocratic nature of the Lon Nol regime have a special obligation to speak up. Few if any have been heard from. The United Nations is silent. That silence must be broken.

After this call for an end to silence, over three years passed before the *Times* again editorialized on the subject. Nor, as we have shown, was the silence broken by the great American networks. The "genocidal policies of Cambodia's hard men" were insufficiently newsworthy.

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Natural Resources and Bureaucratic Predators

JOHN BADEN AND RODNEY D. FORT

Environmental activists, individuals who place a high value on freedom, and those supporting reductions in the size and scope of government share substantial common interests. For quite diverse reasons, they agree that the bureaucratic entrepreneurs responsible for natural resource management systematically advocate programs that: (1) have environmental costs that exceed environmental benefits, (2) are financially irrational, and (3) increase the command sector of the economy at the expense of voluntary exchange conducted on the basis of willing consent. Although there is a surplus of examples, a brief overview of selected cases is presented below. This is followed by a presentation of the logic which produces the observed outcome. Finally, we advance a suggestion for institutional reform.

Natural Resource Mismanagement

When evaluating natural resource management by the public sector we should separate our hopes for socially optimal management from our expectations. Clearly, the natural potential and endowment of the United States is extremely favorable. In terms of strict social optimality, disregarding the distributional outcome, efficient management of this endowment dictates that inputs should be applied where marginal returns are highest. Further, the personnel of our land and resource management agencies tend to be both competent and well-intended. Yet, there are many examples of perverse institutional structures that systematically produce suboptimal results.[1] Several are apparent in two important areas: timber production and range land management.

1. For an overview of this process see Baden, J. and Stroup, R. "The Environmental Costs of Government Action," *Policy Review*, Spring 1978, pp.23-38.

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Timber production administered by the U.S. Forest Service on the National Forest system provides multiple examples of bureaucratic waste. Although the U.S. has some of the very best timber producing lands in the world, not all of this land has equal potential. The differential should be taken into account when management decisions are made. Again, management inputs should be applied where the marginal returns are highest. For example, the Northwest and the Southeast tend to have climates and soils favorable for timber production, while the Rocky Mountain region is at a comparative disadvantage in timber growth potential. Although trees will grow in the Rockies, the inputs are higher per unit of output than in the Northwest or Southeast. Much of this land is perhaps most valuable for its recreational, grazing and mining potential.

While those familiar with forestry recognize the above facts, the blunt fact is that decisions regarding public timber management are largely based on political considerations. Thus, Forest Service representatives from *every* region advocate enhanced funding for timber management in *their* region *regardless* of differing potentials among regions. Ideally, efforts directed toward timber production would be guided by consideration of marginal net benefits. In the private sector the incentives are such that this happens. In contrast, the public sector shows less sensitivity to marginal costs and benefits.

The Forest Service appraises timber, and if the appraisal value exceeds a minimum base price the timber is auctioned to the highest bidder. Usually — but not always — the short-term costs of administration are met. The appraised price set by the Forest Service *does not*, however, take into account long-run costs over the timber growing cycle. As a result, a substantial portion of public timber is harvested at a net social loss *in spite of the fact that much of the existing inventory was grown at a zero cost* (that is, the current inventory of timber is largely a natural growth reflecting no management inputs).

Obviously, a private firm that followed this pattern would get out of business or go bankrupt. In effect, the Forest Service utilizes the "profits" from productive sites to balance the losses incurred by inefficient and environmentally harmful logging on unproductive timber land. Additional losses are made up from federal taxes. Although the process is economically inefficient and environmentally destructive, it is supported by agency

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personnel and by those in the local economy who benefit from the subsidies.[2]

The Trials of Range Land Management

The Bureau of Land Management (BLM) in the U.S. Department of the Interior administers 171 million acres of public land in eleven western states. (This area is larger than the combined acreage of Wyoming, Utah and Idaho.) This land is arid and predominantly used for grazing. It is no accident that it is also the hot bed of the "Sage Brush Rebellion."

Until 1964 the primary job of the BLM was to administer grazing privileges on public lands. Under the Federal Land Policy and Management Act of 1976, the BLM is required to manage in accord with the principles of multiple use and sustained yield.

During the periods of land disposal in the U.S., the marginally productive Western land (land now managed by the BLM) was largely ignored. Because the productivity of this land was so low, and the various Homestead Acts so restrictive, the land was not patented, It was, however, grazed as a huge common property pasture. Because it was common property – because property rights were not defined and enforced – inefficient utilization resulted. In the absence of individual property rights to the grass, the number of animals grazed was excessive. The individual stockman profited by adding animals to the land, while the costs were dispersed among all range users. This is the classic "tragedy of the commons." [3]

Because of overstocking caused by the common pool attributes of the range land, deterioration and erosion became severe. By the 1930s ranchers recognized that investments in

2. These issues are discussed in Chapter V, "Compounding Clearcuts: The Social Failures of Public Timber Management in the Rockies," by Bill Hyde; and Chapter VI "An Institutional Dinosaur with an Ace," by Barney Dowdle (both adapted by Kay Blemker) of *Earth Day Reconsidered: Altruism, Self-Interest, and Natural Resources*, John Baden, Heritage Press Critical Issues Series, April 1980.

3. For a discussion of this and other common pool problems and solutions see Garrett Hardin and John Baden, *Managing the Commons*, W. H. Freeman, 1977.

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institutional reform would be productive.[4] Thus, in June of 1932 the Taylor Grazing Act established the Grazing Service in the Department of Interior. As a result of general dissatisfaction with management, the Grazing Service and the General Land Office were consolidated into the Bureau of Land Management in 1946. Unfortunately, reorganization did not solve the problems.

The agency acknowledges that the lands under its jurisdiction are *not* properly managed, that conditions are actually declining in many areas, and that those conditions are expected to decline further under the present system. These admissions of failure prompt the agency to request increased funding. A substantial portion of the additional funding is directed toward a "new" management system called "rest rotation grazing."

Rest rotation is a grazing system whose best feature appears to be its name. Most simply, a grazing allotment is fenced into from two to five "pastures," with three or four sections being typical. In a three-section allotment, the first section is intensively grazed during the entire period, the second is grazed after forage grasses have gone to seed, and the third is rested. By keeping approximately the same amount of stock on the allotment as was there prior to the fencing, livestock will be forced to consume nearly all vegetation. Thus, a pasture in rest rotation may be stocked two or three times as densely as one under continuous grazing. Although one can understand the desperation of BLM bureaucrats – for clearly they face strong incentives to do something – it is not at all clear that rest rotation will even fulfill the single object of increasing available forage.

Forage production, however, is only one aspect of environmental quality. Watershed protection is also important, and is likely to suffer as a result of rest rotation. Cattle crowded into a pasture increase soil compaction and thus decrease water infiltration. It is indeed likely that when a high-intensity storm hit a "pasture" recently subjected to intensive grazing, sheet

4. For a delightful treatment of institutional innovations by ranchers see Terry Anderson and P. J. Hill, "From Free Grass to Fences: Transforming the Commons of the American West," *Managing the Commons*, W. H. Freeman, 1977.

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erosion would result.

Wildlife is an important resource on BLM range lands. Fencing restricts the movement of big game animals and results in increased mortality. Further, if the program works, shrubs are largely replaced by grasses. Thus deer, sage grouse, and other species dependent on shrubs may be severely affected by the elimination of sage and brush. A director of a state fish and game department expressed his concern in a letter to the BLM which stated ". . . there is no alternative for the Nevada Fish and Game Department except to heartily condemn the (grazing) proposal as being detrimental to wildlife and not meeting the test of the 'Organic Act' definition of land management for multiple uses."

The existence of riparian vegetation is critical to fish habitat. These plants benefit fish and aquatic insects by providing hiding places, reducing stream erosion by retarding current velocities, and mechanically holding soil particles. Even the most casual observation indicates that intensive grazing on stream banks has detrimental impact upon this vegetation. In sum, the relatively capital-intensive practice of rest rotation grazing produces highly significant environmental costs.

Let us return to the central concern of this paper. Rest rotation requires substantial capital investments. Thousands of miles of fences must be constructed under what are often difficult circumstances. The costs of these "improvements" often run from $2,000 to $4,000 per mile, for it takes a rather substantial fence to turn a hungry 1,100 pound cow or a hungry 1,600 pound bull. Further, each "pasture" must have a dependable water supply and this often requires spring or well development and expensive piping. BLM has estimated that the cost of implementing this intensive range management program will be about $328.6 million, and will carry an annual cost of $33.3 million.[5]

Costs, however, tell us little until they are compared with benefits. In this case, the primary benefits go to officials of the BLM and perhaps to some livestock operators. Many ranchers are skeptical.

5. B. L. M., 1975, *Range Condition Report Prepared for the Senate Committee on Appropriations*. U.S. Dept. of Interior. Washington, D.C.: U.S. Government Printing Office.

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Fourteen range allotments were analyzed in a Nevada study. An optimistically projected increase in forage production was expected to increase the yield of grazing fees over the fifteen year planning period. A comparison of the costs with the returns of implementing the systems showed that:

> The internal rate of return was computed for eleven of the fourteen observations (allotments). Three observations had to be deleted because net returns for each year over the entire planning horizon were negative. The magnitude of the internal rate of return on the remaining eleven observations ranged from -0.18 to 0.42. The mean was 0.01.[6]

The Logic of Bureaucratic "Irrationality"

The term "bureaucrat" will be used to identify the decision-makers in government administrative agencies. Typically, these individuals are public servants whose public actions are presumed to be in the public interest. Yet, in the above examples, we see that public resource management agencies engage in actions that are, from our strict description of social welfare, economically and environmentally "irrational." The financial and environmental benefits of many programs are swamped by the financial and environmental costs. It becomes increasingly apparent to many observers that our public servants often produce benefits that can only serve some concentrated groups and the bureaucrat who generates those benefits.

Cynical condemnation of the public servants often follows this conclusion. While this may provide psychic unguent, it retards remedial action by diverting attention from the causes of perverse bureaucratic outcomes. Focus on "bad" bureaucrats clouds the issue. Bureaucrats of even the purest intentions cannot be expected to produce results consistent with the welfare of their "wards" if by so doing they harm their own professional welfare.[7] Since bureaucratic outcomes frequently violate the

6. Rozell, D.G., *et. al. Economic Returns of Rest Rotation Grazing to the Bureau of Land Management*, University of Nevada, Reno, 1973.

7. To request that individuals behave counter to their interests violates the Cardinal Rule of Public Policy: "Never ask a person to act against his own self-interest." See Garrett Hardin, *The Limits of Altruism*, (Indiana Univ. Press 1977), p. 27.

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public interest, we contend that the incentive structures faced by bureaucrats are of a perverse nature; incentives are responsible for outcomes. The problem, we stress, is *not* one of "bad" people but rather one of faulty institutional design.

Ironically, government fails in the role of public-interest maximizer for the same reasons that markets sometimes fail. The perceived costs of individual decision-makers in government do not accurately reflect the total social costs of their decisions; government fails because perceived individual costs and true social costs of government decisions diverge. Hence, it can be expected that government output will be socially non-optimal and governmental budgets larger than optimal.

We argue that the size of government is socially non-optimal. We can further argue that government growth can be traced to two ideas: 1) that government will succeed in overcoming the problems that cause markets to fail, and 2) that investments in influencing governmental decisions may be profitable. The first belief lacks compelling corroborating evidence, yet it continues to flourish. The second, unfortunately, is in fact substantially correct under the presently existing institutional structure. The divergence between the costs faced by the individual decision-maker and the total social cost resulting from his decision makes government too big, and the continually increasing propensity of government decision-makers to provide concentrated benefits for special interest groups leads to government growth. The increasing ability of government to disperse the costs of these special benefits over all taxpayers (or even onto future elections and generations), fueled by the belief that government will succeed where markets fail, could perhaps be termed a "hole in the dike" which allows these increased transfers.

Anderson and Hill provide substantial evidence in support of the argument that the U.S. has recently become and is continuing to be an ever-larger "transfer society."[8] As they state in their introductory chapter,

> . . . the early American experience was one in which transfer activity was very limited and productive activity was encouraged. But because of the alterations in the institu-

8. Anderson, Terry L. and Hill, P.J., *The Birth of A Transfer Society*, Hoover Institution Press, (in press).

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> tional framework or the rules under which economic activity takes place, that situation has reversed. We are now a society in which transfer activity is encouraged at the expense of productive activity.[9]

Their argument hinges on the idea that the continuous altering of social rules, that is, the courts' interpretation of the Constitution, has favored transfer-seeking activities. Since transfer activities occur in the political arena, the result of the continuous changing of the rules in favor of transfer-seeking has resulted in government growth — and will continue to have that impact as long as the rules are so altered.

An important conclusion to be drawn from the preceding logic is that more support for a bureaucratic agency can be generated by increasing benefits selectively than by reducing costs generally. It is bureaucratically profitable to cultivate a concentrated group of beneficiairies. We could not overstress the importance of understanding that government growth is the result of rational behavior: hence, it is patterned and, thus, predictable. We can understand its cause. Favor-seeking and favor-provision are marginally beneficial! Anderson and Hill's "transfer society" flourishes.

The above propensity of government to increase transfers has generated a growing administrative force to carry out the transfers. It is this shifted focus toward bureaucratic administration of transfers which leads us to the following examination of bureaucrats and the "treasury commons." Just as early ranchers overused the range commons, bureaucracies overexploit the treasury commons.

Abuse of the Treasury Commons

The elements contributing to a commons — non-exclusive ownership and self-maximizing behavior of actors — exist in government in sufficient quantity so that one may justify labeling that portion of the treasury allocated to bureaucratic budgets as a commons. Accepting the treasury as a common pool resource allows the application of Hardin's "tragedy of the commons" model.[10] Essentially, the logic as it applies to this

9. *Ibid.*, p. 5.

10. Hardin, Garrett, "The Tragedy of the Commons," *Science*, 162: 1243-1248, 1968.

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case is identical to that of the ranchers on common grazing lands. Seeking to maximize his budgetary discretion (we agree with Niskanen[11]), each bureaucrat realizes that he has access to the treasury. He can be seen as asking the question, "What is the gain to my organization (hence, to me) of capturing another increment of the treasury?" All of the gain would go to finance his agency's activities (hence enhancing the bureaucrat's discretionary control of resources), while the costs of his capture are spread among the entire community of bureaucrats in terms of lost capture opportunities. All bureaucrats realize that the same calculus holds for them and that it is rational for each to capture additional increments of the treasury. With each bureaucrat having an incentive to increase his capture of the treasury, he must find ways of increasing his agency's magnitude and the scope of its activity. Hence, each bureaucrat has incentive to pursue programs that concentrate benefits while dispersing costs, as in the examples we mentioned. While Hardin deals with the analogy of human-ecosystem interactions (his example is of herdsmen on a common pasture), human-human interactions are equivalent.

To conclude this discussion of the tragedy of the treasury commons, let us recall that it is the willingness of individuals to pay taxes that ultimately limits the treasury. It is the taxpayer's income that, unwittingly or not, actually falls prey to the institutional treasury commons. Losses inherent in the "tragedy of the treasury commons" are borne by all society members in the form of lost control over productive resources and a relaxation of the rule of willing consent. The more decisions over any individual's resources are made without his consent, the greater is the chance that a decision will be unsatisfactory to that individual. This will affect each of us as the scope and magnitude of the public sector increases. By most criteria, then, these losses are in a currency of ever-increasing scarcity – freedom in everyday life. As Hardin so aptly states, "Freedom in the commons brings ruin to all." Pursuit of bureaucratic self-interest in the treasury commons is predicted to bring tragedy when all bureaucrats, acting according to their incentive structure, set such a course.

11. Niskanen, William A., Jr., *Bureaucracy and Representative Government*, (Aldine-Atherton 1971).

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Several generations of economists and others interested in policy analysis have noted that a very substantial proportion of legislation has socially wasteful impacts. At a time when many resources are perceived as becoming more scarce, many people are disturbed by this waste. Further, most of the above economists bemoan the brute reality that their analyses are noted and then ignored — or merely ignored — in the political sector. Except for those lost in the wonder of their display of analytical creativity, the reaction is a feeling of hurt resignation. Hence, the economist applying cost-benefit analysis to federal projects is a contemporary analog of Sisyphus. Rather than roll stones endlessly up slopes, never to reach the top, the analysts endlessly unroll printouts in committees, never to make their point. Hence the potential utility of their product is unrealized. Neither good intentions nor good products, not even this conjunction, will suffice. Too many interests have too large an incentive to ignore the output.

Decisions are made on the basis of information and incentives. In the case we address, there is little incentive to utilize the information available. There is at least one obvious institutional solution to the problem: the creation of a "predatory bureaucracy."

The literature on bureaucratic pathology is voluminous and growing rapidly. In its traditional form it exists in Public Administration, in Political Science and in Sociology. Recent advances, however, have come largely from applying economic logic to the area. The bottom line of studies from each of these areas remains fairly consistent with the following: bureaucrats operate to increase their discretionary control over resources. In sum, they operate to expand their budget.

Writing on the Civil Service Reform Act signed in October of 1978, Stephen Miller, a Resident Fellow at the American Enterprise Institute notes that:

> Of course the new law will not solve the problem of bureaucracy. Nothing really will. Bureaucracy is less a problem than a disease of modern civilization, one that can be treated but not cured. Like air pollution, one can't do away with it altogether.[12]

12. Miller, Stephen A., "A Good Word for Bureaucracy," *American Spectator*, 12 (Feb. 1979): 14-17.

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and goes on to state that:

> Given the dynamics of the Washington establishment, it is extremely difficult to eliminate ongoing programs. In order to do so, a counter-constituency has to be organized, one that is strongly opposed to a particular program. But it is hard to organize people to oppose something unless they have compelling reasons to do so. People are against inflation, bureaucracy, unemployment, or abortion; rarely are they against a particular federal program. Once a program – or a set of programs organized under the rubric of an agency – is put into motion, it tends not only to stay in motion but also to stay on the same course, not changing its way of doing things until scandal throws it off course.[13]

The Predatory Budget

A predator is an animal (or occasionally a plant) that captures and extracts his sustenance from other animals. Could this mode of existence be replicated and introduced in a bureaucratic environment to slow down bureaucratic growth? Conceptually the answer is yes – but objections should be anticipated. First, what is the structure?

Assume that an agency, The Bureau of Budgetary Control (BBC), initiated as a one-sided agency. Like the Environmental Protection Agency, it is admittedly designed to represent *one* position and serve as an advocate of one fundamental goal. Like the EPA whose primary mission is to advocate protection of the environment at whatever cost, the Bureau of Budgetary Control would advocate budgetary reductions. The design problems become (1) providing incentives to perform and (2) structuring incentives for this bureau to prey upon those budgetary items whose social costs promise to swamp the social benefits.

Further, assume that this agency is established with a one-time appropriation that will carry it for two years only. This constraint is critical. It is at this point that we harness the fundamental pathology of bureaucracies, that propensity toward perpetuation and growth, for social benefit. Continual funding, and hence survival and growth, are dependent upon

13. *Ibid.*

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predation of other agencies' budgetary requests. We above quoted the sentence, from Miller, "But it is hard to organize people to oppose something unless they have compelling reasons to do so." This strategy provides compelling opportunities for the proposed Bureau of Budgetary Control.

Assume for example that the Bureau of Reclamation requests $250 million to rebuild Teton Dam, again primarily as a flood control project. A number of local farmers who grow subsidized grain and sugar beets support this project. It is obvious that this particular project is of extremely dubious value on net. Hence, the Bureau of Budgetary Control would marshall evidence against the project in direct opposition to the testimony developed by the Bureau of Reclamation and its clientele. Of course, the BBC would also have strong incentives to develop clientele groups. In this case they would join with the Wilderness Society, Friends of the Earth, and so forth.

If the proposal for funding the rebuilding of Teton Dam is rejected by Congress, two budgetary transfers would be made. First, the BBC receives one percent of the requested budgetary item. Second, the proposing agency, in this case the Bureau of Reclamation, suffers a budget cut of one percent of the project's proposed operating costs from its operating budget. (These figures are strictly arbitrary and are likely to benefit from adjustment based on experience.)

The major advantage of this proposed system is that it counters the problem of legislation that concentrates benefits while diffusing costs. Further, it builds into the appropriation process a spokesman for the public interest – more importantly, a spokesman who does good while doing well. In sum, by employing this system we rely upon self-interest to advance the public interest. There are, of course, a few technical problems with this proposal, but they are likely to be minor when compared with the benefits.

One likely objection is fundamentally visceral: the charge that we are creating another bureaucracy. Such a creation, presumably, is bad *a priori* – and the objection is understandable. It will not, however, stand up to analysis. A bureau is merely a tool of social organization. As such it must be evaluated in terms of its output rather than its mere existence. Clearly the incentive structures in bureaucracies often lead to socially costly outcomes associated with goal displacement, growth past

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the point where marginal social costs equal marginal social benefits, and a host of other pathologies. In this case, however, we harness this incentive structure to counter common bureaucratic pathologies. Analogies to this situation are common in the area of medical biochemistry.

The second objection is that the BBC may kill some worthwhile programs. Indeed it might. All drugs, especially the most useful, do as a matter of fact kill some patients. So do seat belts. Is the agency, however, beneficial on net? Clearly such an agency as the BBC would select as prey the programs that are the most vulnerable to attack, that is, those whose social payoffs are demonstrably highly negative. The size of the BBC is, to put it crudely, a function of the stupidity of the prey agencies. A series of successful attacks is very likely to have a profound effect upon the learning curve of the various agencies. At first, successful attacks are likely to generate doubts regarding the worth of other programs. Since the agencies are uncertain regarding which of their programs may be subject to predation, they will have strong incentives to avoid proposing projects of dubious social utility. Should this be the case, policy is likely to be more carefully analyzed. The implications for the economics profession are obvious.

When writing in this area it is increasingly difficult to end cheerfully. Our proposal is merely the first cut on a difficult problem. We realize that it stands in need of refinement. While our proposal may seem radical when first considered, it will seem less so if reconsidered. In view of the direction the United States had been heading, there will be increasing incentives to reconsider. Given the avowedly experimental character of our political institutions, some proposal similar to ours is likely to capture the attention of at least one political entrepreneur. It is, in the final analysis, difficult to constrain a fundamental optimism regarding the ability of people to learn when self-interest is at stake. Such learning is likely to have beneficial impacts for the environment, the economy, and in particular for the voluntary sector of the economy.

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The Unsinkable Minimum Wage

E. G. WEST

Rarely, it seems, has our history seen a period in which the price of labor was not regulated in some way or other. In mercantilist times the authorities imposed *maximum* wage regulations; now in our own time we have *minimum* wage laws. Such controls have not of course gone entirely unopposed. Many have objected on ethical grounds. Adam Smith, for instance, protested as follows from principles of liberty and from natural law presumptions dating back to the philosophy of John Locke:

> The property which every man has in his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbor, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman, and those who might be disposed to employ him. As it hinders the one from working at what he thinks proper, so it hinders the others from employing whom they think proper . . . . The affected anxiety of the law-giver . . . . is evidently as impertinent as it is oppressive.[1]

Impertinent or not, lawgivers since Smith's time have persisted in establishing restrictions, for reasons that have varied over the years. In general, their arguments have been increasingly resisted by economists, but so far without much effect. Indeed, Lester Thurow recently asserted that the minimum wage remains "as popular among the populace as it is unpopular among economists."[2]

Whatever the reasons for the failure of economists to influence events, one should notice that they approach the problem not, as Adam Smith did, from the standpoint of ethical principle, but from a critique of the internal logic of minimum wage

1. Adam Smith, *The Wealth of Nations* (Edwin Cannan ed., Chicago: University of Chicago Press, 1976) p. 136.
2. Lester Thurow, "Towards a Definition of Economic Justice," *The Public Interest*, Spring 1973.

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policy. Such policy, they appear to be saying, should be seen in terms of refutable hypotheses. That is, it consists of propositions that are testable by the evidence. Consider, for instance, the propositions that minimum wages are needed to reduce poverty – one of the frequent claims of minimum wage advocates. To many economists, this is automatically refuted if disemployment effects are associated with the establishment of an initial minimum wage or the revision of existing ones. For, if even one person loses his job, his poverty becomes aggravated and the policy objective fails. And, indeed, the bulk of the evidence down to 1979 points increasingly to significant disemployment effects. It is true that some analysts have pointed out circumstances in which minimum wage revisions can cause the total wage bill to increase by a larger proportion than that by which employment declines. If workers then shared the disemployment equally, all could gain. But one trouble with this argument is that they never do. The blacks, for instance, always endure disproportionately heavy shares of unemployment.

The critics of the econometric analysis tend to focus on the precise accuracy of the empirical results – for instance, on whether the disemployment is, say, 1.2 percent or 1.3 percent. The economists, it seems, having readily placed themselves in the witness box, have become self-conscious and nervous under questioning that might challenge their scientific "purity." Yet other arguments are available that do *not* require the overselling of broad empirical results. Such arguments focus on the *uncertainty* of actual outcomes following the minimum wage increases. They also focus on the fact that other social policies to combat poverty are available besides minimum wages. Robert Goldfarb has put the point as follows:

> The minimum wage is often proposed as a poverty-fighting device, but the uncertainty of its effect makes its usefulness in fighting poverty highly questionable. On the negative side, there is reasonably good tentative evidence that teenage employment declines as a result of minimum wage increases. On the positive side, serious minimum wage proponents usually argue that income gains outweigh employment losses, so that income distribution improves. But in actuality there is no assurance of such an improvement, and proponents have presented no empirical evidence that an improvement occurs. Given that there are other ways of attacking poverty, why employ a policy

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whose supposed benefits may be non-existent, but whose costs are probably very serious?[3]

Clearly Goldfarb's strategy is to put administrators and other minimum wage advocates under the obligation themselves to produce evidence that future policy changes will not have the undesirable effects mentioned. It is one thing for them to be nitpicking over the econometrician's evidence. It is quite another for them to appear in the "witness box" without any evidence of their own (which is often the case).

The policymakers should be under the obligation to show that other strategies are not available that will achieve the policy goal of poverty reduction more effectively and at less cost. One alternative to the minimum wage, of course, is the negative income tax. This policy would redistribute income from society as a whole and target it on *all* individuals or families who are in the lowest income range. The minimum wage policy, in contrast, at best helps only those poor families with working members. Moreover, it does not place the burden of redistribution on the whole of society but upon some selected employers whose own incomes, from the small scale and labor-intensive industries that they are engaged in, are quite modest. More important, if minimum wages cause disemployment there are serious costs of reductions in the national output. The negative income tax might also keep national output from its full potential because of disincentive effects against working. But it is strongly arguable that these effects are probably of a much smaller order of magnitude than those associated with the minimum wage.

The Current Political Attitude

Mark Twain once said that the free traders win all the arguments but the protectionists win all the votes. In arguments about minimum wages, economists appear to be the winners on balance, yet the wage regulators continue to enjoy votes in abundance. In 1977 Congress approved a four-step increase to bring the federal minimum wage from $2.30 an hour to $3.35 an hour on January 1, 1981. After going to $2.65 an hour in January 1978, it rose to $2.90 an hour last January. According

3. Robert S. Goldfarb, "The Policy Content of Quantitative Minimum Wage Research," Industrial Relations Research Association 27th Annual Winter Proceedings, 1974, p. 268.

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to the legislated plans, the hourly wage will increase to $3.10 in 1980 and to $3.35 in 1981. This is a planned minimum wage increase of 45 percent.

If the economists are touchy when questioned on the precise numerical findings of their evidence, the politicians and members of the executive seem untroubled by the lack of *any* evidence that their legislation will not cause future harm. Indeed, the latest tendency is for the authorities to *acknowledge* that serious disemployment effects are a consequence of the minimum wage revisions. But the new assumption appears to be that this is a necessary evil to achieve a greater good. Thus Secretary of Labor Ray Marshall argued, in 1978, that it makes sense to raise the minimum so that, say, 30,000 young people lose their jobs, because then the government is in a better position to induce these young people into school by such policies as the Youth Entitlement Program. Similarly, the government is more strategically placed to strengthen the apprenticeship training program and to increase participation in the Job Corps.[4]

Those sympathetic with Adam Smith's argument (above) will challenge this position as brazen elitism. What kind of democracy is it that results in political representatives telling some of their electorate that they do not know how to dispose of their labor as well as the government does and that, in consequence, the latter is *knowingly* pricing them out of their jobs by its minimum wage policy in the interest of some uncertain government scheme for putting them back into better ones?

But by now it should be clear why the economists are failing to score with their arguments. Generally they appear to believe that once they have demonstrated disemployment there is nothing more to be said. And hitherto they have been concerned mainly with persuading the authorities that such consequences do follow. Yet persuading minimum wage champion Secretary Marshall seems quite superfluous; he now openly admits he needs no persuasion on this score. In his words: "Minimum wage increases will cause some displacement of workers, no question about that. The question is: What else can be done to accommodate that problem? Can society deal with youth unemployment in any better way than to have a differen-

4. *A Conversation with Secretary Ray Marshall*, American Enterprise Institute, July 13, 1978.

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tial minimum wage for youth?"[5] There could be no clearer acknowledgement of the fact that the government has created "the problem" by its own policy. But notice that Marshall asks *"What else* can be done to accommodate that problem? " as if to suggest that the problem has not been instigated by government but is, instead, some kind of Act of God.

Innocents will reply that the problem could be avoided in the first place by not having the minimum wage legislation. But instead of entertaining this frontal assault on the policy, Secretary Marshall's response is to divert attention to what is a secondary issue — the question of whether *youth* unemployment can be eased by making a special (lower) minimum wage for the young age groups. This enables him, apparently, to block all fundamental reform since he focuses on alleged side effects that will follow from youth differentials: "I oppose the youth differentials, first, because I think that in secondary labor markets it would cause a substitution of adults for young people. Minorities — women and others — are particularly heavily involved in the secondary labor markets."[6]

Critics may well contend that the degree of the displacement effect on adult employment would depend on the elasticity of substitution between youth and adults and on the differences in productivity between them. But Marshall's argument is simply that to the extent there is *some* positive substitution, and since most heads of families are found within the adult group, youth differentials could have perverse consequences for social welfare objectives.

Much of this question can only be answered by empirical studies. Some research, including that of Jack Carlson, Chief Economist for the U.S. Chamber of Commerce, and Professors Robert Goldfarb and Anthony Yezer of George Washington University, suggests that there is only very limited substitutability of youths for adults in practice. The question, it seems, is one of a trade-off between a small number of adult jobs and a larger number of teenage jobs. It will have to be determined, for instance, whether a youth differential can be accepted if three new youths find jobs for every one adult displaced by the minimum wage for the young.

But the most important response to Marshall's problem with

5. *Ibid.*, p. 18.
6. *Ibid.*

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youth differentials has yet to be made. Minimum wages cause disemployment among *adults* as well as among teenagers. At this point, his argument that minimum wages are necessary – in order to coax individuals into formal government-provided training establishments that will prepare them for a better lifetime income – breaks down. It is pointless, and certainly uneconomic, to price a sixty year-old worker out of the market on the argument that he needs three or four years of training to provide him for a better future working career. Indeed, the logic of the argument would point the other way: toward a program of differentials for mature workers.

Other Groups Affected By Minimum Wage

There are many other groups in society that are affected by minimum wages. Indeed, the emphasis of recent years on the teenage group stems largely from the fact that research attention happens to have been directed mostly in their direction. The groups, moreover, are not simply divided between teenagers and adult heads of families. Those who are 65 years old and over, for instance, are not typically family heads. The groups can be broken down further into full-time/part-time, white/non-white, students/non-students, male/female, middle age/old age, and so on. The point is that one fails to see the logic in indiscriminately causing disemployment across all these groups in order to swell enrollment in vocational schools.

Since 1973 we have had available data for individual wage rates collected for a large, nationally representative sample. Some of these data, which are contained in the Current Population Survey (CPS), are reproduced in Table 1. Among the characteristics of low-wage teenage workers are the following: In 1975, over 15 percent received wages of less than $2.00 per hour. Of these, 84 percent worked part-time, 65 percent were students, and over 61 percent were female.

The high representation of students is interesting. Indeed, students account for two thirds of all part-time teenage jobs. Since the official policy is ostensibly geared toward a better trained work force, one would have thought it would not want to place barriers in front of part-time jobs that enable students to stay in school. Yet minimum wages cause many students to lose such jobs and therefore deprive them of the means for continuing their education. But Secretary Marshall's reply to

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this is now almost predictable. Since the market has "failed" to provide the jobs, the public sector should step in with such schemes as the Job Corps. More accurately, government has failed to let the market provide jobs. Moreover, the Job Corps costs public money. But if such money is to be used, it could go directly to the students already in private part-time jobs through either grants toward tuition fees or wage subsidies.

The remainder of Table 1 shows the breakdown for workers over 65 years old. The proportion occupied in part-time work is significantly higher than for teenagers. So, all in all, the "problem" of low wages is one of the aged, of part-time work and of females.[7]

The Political Preference for Formal over Informal Schooling

Consider still further Marshall's argument that minimum wages are needed to displace young people in order to have a better chance of inducing them into publicly provided training schemes. In one sense, this policy could be achieved more efficiently simply by raising the age for compulsory schooling. But notice what this implies: *formal* education in publicly provided institutions is universally considered superior to non-formal education such as direct experience on the job. Marshall, indeed, makes this point explicitly: "By and large, a lower minimum wage will allow young people . . . to get marginal low-wage jobs, with little upward mobility, little training content, little *other than work experience.*"[8]

It is at this point that evidence should be demanded of such superiority of public over informal and job-oriented training. Such evidence should not merely try to establish that public programs such as the Youth Entitlement Program and the Job Corps are successful in the absolute sense (and one's impression is that they are not). What has to be shown is that such programs always have better results than direct experience on the job at a young age. One difficulty with supplying the latter information is that the existence of a minimum wage might well prevent a substantial amount of useful on-the-job training.

Walter E. Williams has indeed strongly argued that, because of minimum wage laws, fewer firms can offer such training to a

7. Finis Welsh, *Minimum Wages: Issues and Evidence* (Washington, D.C.: American Enterprise Institute, 1978) p. 19.
8. Marshall, *op. cit.*, p.18.

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broad class of young employees. The net product of such workers having training is likely, initially, to be much lower than the minimum wage, and this fact discourages employers from offering training. Young people are thus prevented from "buying" on-the-job training by taking a very low wage for a year or so. The positions offered ultimately become unsatisfactory "dead end" jobs in which the employer takes little interest in the career plans of those he employs.[9] Another economist, Martin Feldstein, concludes that the consequent high turnover rates connected with minimum wages are due significantly to voluntary action by the employee, that is, to high quitting rates and short-run absenteeism. His ultimate diagnosis, indeed, is that in these respects the minimum wage has a poverty *increasing* effect; and this follows when we use the correct measure of income, which is lifetime income in present terms:

> The lack of additional training for those who start with low skills makes them part of the permanent poor. For the disadvantaged, the minimum wage law might have the ironic effect of lowering the lifetime income by a very large amount.[10]

If and when the authorities provide evidence of the general economy and success of publicly provided vocational training schemes, economists should be able to connect their findings in a still stronger way. The official evidence will no doubt concentrate on the numerical measures of "good careers" established by the public training schemes. Such numbers will be taken as a proportion of a fairly constant labor force and, indeed, might also be linked to claims of improvements in the unemployment rate. But such evidence will overlook the most important finding in the recent econometric research on the effects of minimum wages. This is the discovery that the main consequence is not unemployment, but a withdrawal from the labor force entirely. The research points out, in other words, that the labor force does not remain constant; labor moves out

9. Walter E. Williams, "Government Sanctioned Restraints that Reduce Economic Opportunities for Minorities," *Policy Review*, 2, Fall 1977.

10. Martin S. Feldstein, "Lowering the Permanent Rate of Unemployment," Discussion Paper Number 259, (Harvard University: Harvard Institute of Economic Research, October 1972); and Joint Economic Committee, Congress of the U.S. September 18, 1973, 93rd Congress, 1st Session.

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of the sector that is covered by minimum wages into the uncovered sector and out of the labor market.

According to the findings of Jacob Mincer, one of the leading researchers in this area, "No more than a third of the employment loss in the covered sector appears as unemployment, while the bulk withdraws from the labor force."[11] Some of those who drop out have the alternatives of retirement and/or welfare. It is true that some others go out of the labor force by enrolling in schools. It is questionable, however, whether the proportion that does this is very large. Mincer found that the disemployment effect was greatest among non-white teenagers, a group that contains many individuals who do not have the basic qualifications for the formal schooling that Marshall prescribes. Meanwhile, an alarmingly high proportion of those black teenagers who remain in the labor force continues to be in the unemployed category (well over 30 percent). The persistence of such a high rate of unemployment among this group provides continuous testimony to the failure of the same publicly provided vocational schemes that, according to Secretary Marshall, are the main channels of "rescue" and improvement for the low-income groups.

Secretary Marshall on the Need for Jobs

Marshall believes it is satisfactory to answer the unemployment question in the following way. Even if there were a general limitation on the minimum wage, it is uncertain whether this would solve the black teenage problem because black teenagers do not live where the jobs are increasing. In the North, the mismatch is mainly an urban problem. In the South, the mismatch is mainly rural. Moreover, ". . . if there were a general youth differential in the minimum wage, a lot of white kids would probably be employed because the industry is where they are, and the unemployment rate among white kids is still very high."[12]

The most important error in this reasoning is the failure to recognize one potential explanation of why black teenagers do not live where the jobs are increasing: the existence of the minimum wage would obviously prevent large numbers of them

11. Jacob Mincer, "Unemployment Effects of Minimum Wages," *Journal of Political Economy*, No. 4, Part II, August 1976.

12. Secretary Marshall, *op. cit.*, p.21.

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from securing such jobs even if they did live in these areas. Secondly, it is not clear that black teenagers living in urban areas could not feasibly commute from their present homes once they secured paid employment. Thirdly, Marshall argues that a general youth differential would cause "a lot of white kids to be employed first." But this is not the point. The real issue is whether the complete abolition (or steady erosion) of minimum wages would not so allow the market to determine its own differentials (according to different productivities) that there would not be substantial increases in employment for *all* groups simultaneously.

Fourthly, Secretary Marshall's admission that "the unemployment rate among white kids is still very high" again provides serious testimony on the failure of his publicly provided vocational schemes; for, participation in most of the latter takes the individual out of the statistical classification of "unemployed."

This examination of official views of minimum wages can end with a look at one additional attitude expressed by Secretary Marshall. This is summarized in his statement that the minimum wage problem is not entirely an economic problem but is also partly a matter of equity. Marshall argues that if we had perfect competition and nobody had any market power, there would be no equity problem. That problem arises in the real world because some people get increases in their income by virtue of their organized power, while other groups tend to lag behind.

> The minimum wage was about 43 percent of the average manufacturing wage at the time we made the last adjustment; when the law was passed, it was about 52 percent. Those workers had gradually fallen behind others in society, as a result of the other forces that tend to determine their influence. I think it would have been unfair for us not to have made that adjustment.[13]

What this argument overlooks is that the incomes gained from organized power are at the expense of a minority of workers who are squeezed out (because of the necessary restrictions on supply) and have to resort to non-organized trades. The imposition of minimum wages on the latter then produces the same effect — a minority is squeezed out (because less are

13. *Ibid.*, p. 18.

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demanded at the higher wage). But now many have nowhere else to go except out of the labor force altogether or into the unemployment queues. Any claims of a victory for "equity" seem debatable, to say the very least.

Clearly there is a need for a normative judgment whether the interests of a possibly large number of people that benefit from a minimum wage can be compared with a small number of people that is made worse off — those who lose their jobs. Among those who would decide in favor of the large number would be the classical utilitarian. In his view, one should not hesitate to use "welfare weights" to obtain the greatest *sum* of "happiness." In contrast, the "difference principle" of John Rawls prescribes that for any given public intervention or change, those who are lowest on the income scale must benefit: "The intuitive idea is that the social order is not to establish and secure the more attractive prospects of those better off unless doing so is to the advantage of those less fortunate."[14] Consider also what economists call the "Pareto optimality test." This would allow a change that would make some members better off and would potentially allow compensation for others who would otherwise be worse off. It may be argued that such a situation is possible with a wage change where the demand for labor, as a whole, is sufficiently inelastic. For then a suitably designed minimum wage could *increase* the total wage bill. The net increases in the income of the majority who are better off could be more than sufficient to compensate those who lose their jobs. The Pareto test, however, applies to the whole society, not just the workers. Others would remain injured, including consumers faced with higher prices and investors.

Later versions of the Pareto principle impose the extra condition that not only should there be a *potential* for compensation but that such compensation *should* be made. Clearly a minimum wage law *per se* would not comply with this condition.

The Economics of Politics

We have argued that hitherto many economists have been allowing the minimum wage debate to remain unjoined. There is a clear need for them to marshal their important new empirical findings in such a way as to engage directly the policymakers in

14. John Rawls, *A Theory of Justice* (Cambridge, Mass.: Harvard University Press, 1974) p. 75.

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the terms of their own thinking. Will the economists, then, finally win all the arguments? Even if they do, this is not to say that the "protectionists" will not still win all the votes. So a remaining phenomenon will still have to be explained. But economists may be able to do this also, especially as they have well-known hypotheses – connected with the new economics of politics – ready to apply. These hypotheses predict continual political "victory" for the minimum wage advocates on the grounds that those who are denied employment because of the legislation are a small fraction of the voting population and are not organized or adept at pressing their political preferences politically. Meanwhile workers, who may gain directly or indirectly from the legislation, are likely to be more numerous and better organized.

Minimum wages are in the interest of three groups: trade unions, protection-seeking employers, and some public servants working in the field of management relations. Unionized labor benefits from higher minimum wages because they raise the price of labor that might be substituted for union workers.[15] The latter's jobs are therefore made more secure. Protectionist employer groups are shown in the longstanding example of the northern U.S. manufacturers who have traditionally been in favor of minimum wages in order to protect them from the more competitively priced manufacturers in the South, the latter being better endowed with cheaper labor.

As to federal and state public servants who are advocates of minimum wages, such individuals in the labor field often see themselves as representatives of the interests of organized labor *vis-a-vis* capital. Public bureaucracies in charge of special "job creation" and vocational instruction schemes, mentioned previously, will have their own vested interests in the continuance of minimum wage laws. For, as Secretary Marshall concedes, these laws are responsible for the significant disemployment that is necessary to put pressure upon workers to become clients of the new public organizations. It is not, therefore, strange that many labor departments are among the foremost advocates of minimum wage laws – and that Labor Secretaries are sympathetic spokesmen for their immediate colleagues and sensitive to the voting support provided by those other minimum wage advocates – the unions.

15. Walter E. Williams, *op. cit.*, p. 21.

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So, to employ Adam Smith's language once more, the "affected anxiety of the law-giver" may well continue to be "as impertinent as it is oppressive." Yet economists, who deal in argument and analysis, can hardly be expected to stand with their skills unused when rationalizing political appointees try out theirs.

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Carter's Wage-Price Guidelines: A Review of the First Year

ROBERT HIGGS

Late in 1978, as inflation approached a double-digit rate and the public urgently demanded that the government "do something" to slow the decline in the purchasing power of money, the Carter administration brought forth its wage-price guidelines. The President first announced the guidelines in preliminary form on October 24, and the government published final standards in the *Federal Register* on December 28. These final standards were not final at all, and the program continued to be amended in various ways from time to time; but most of the changes were minor, and the general character of the program remained intact during its first year.

The basic price standard required that an individual firm hold the rate of increase of its *average* price at least half a percentage point below the rate of increase during the two years 1976-77. In no case, however, could the increase exceed 9.5 percent; and any increase below 1.5 percent was considered in compliance. Firms that could not compute a meaningful average price change or could not meet the price standard because of uncontrollable increases in costs were required to hold their pre-tax profit margin below the average of the best two of the previous three years. In addition, in no case could a firm increase its dollar profit by more than 6.5 percent unless the excess was attributable to increased unit sales volume. Various exemptions and special rules applied to certain classes of firms or goods. For example, the prices of agricultural, forest, fishery, and mineral products, industrial raw commodities, and internationally traded goods, as well as interest rates, were excluded from coverage.

The basic pay standard required that an employer hold the annual rate of increase in *average* employee compensation, including fringes, to no more than 7 percent *for each employee group*. The groups were defined as (1) employees covered by collective bargaining agreements, (2) other nonmanagerial personnel, and (3) managerial personnel. Again, various special

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rules applied. For example, labor compensation increases mandated by federal statutes were exempted; employers were permitted to raise wages above the standard if they could obtain certification that such an increase was necessary to overcome an "acute labor shortage"; and workers earning less than $4.00 per hour on October 1, 1978, were not subject to the pay standard.

To Comply or Not to Comply?

While the general public greeted the President's announcement of the guidelines with customary applause, business people reacted more cautiously. It soon became apparent, however, that few would openly defy the guidelines.

Some did complain publicly. Donald Rumsfeld, chairman and chief executive of G. D. Searle, wrote the President a personal letter expressing his conviction that the guidelines would not work. Charles Fogarty, chairman and chief executive of Texasgulf, wrote that his company had "serious reservations about, and objections to" the guidelines. Mark Shepherd, Jr., chairman of Texas Instruments, criticized the proposed use of the government's procurement policy to enforce the guidelines and warned the President that the program "will be tested in court." Such negative reactions, however, were not typical.

In fact, the officers of many major corporations rushed to pledge that their firms would comply. As the editors of the *Wall Street Journal* noted on December 11, 1978, "The great corporations have fallen pusillanimously in line." In mid-April the Council on Wage and Price Stability (COWPS, pronounced "cops") announced that 447 of the 500 largest industrial firms had "made an explicit commitment to comply."

Several business leaders went out of their way publicly to express support for the guidelines. Thomas A. Murphy, chairman of General Motors, said he had "no sympathy for those in the press, in business, in labor and in government who assert that a voluntary program cannot work before it is given a chance to work." John F. McGillicuddy, president of Manufacturers Hanover Bank, said the program "should be applauded, not condemned." Donald C. Platten, chairman of Chemical Bank, saw the guidelines as "an effective way of using presidential leadership to educate businessmen, workers and consumers on just what needs to be done to bring inflation

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under control." In early April, 1979, Murphy sent out 22,000 letters to GM suppliers and other large corporations urging a mass declaration of willingness to cooperate with the program.

Clearly, among the country's major corporate leaders, those who intended to comply greatly outnumbered those who intended to defy the guidelines. One can identify several distinct motives for this widespread willingness to comply.

First, some business people believed they could use the guidelines as a club to beat the labor unions into submission at the bargaining table. As one corporate executive put it, "We can wrap ourselves in the flag and get a little more leverage at the bargaining table." Perhaps Murphy, whose company was scheduled to negotiate a new labor contract with the United Auto Workers in September, 1979, had this consideration, among others, in mind. (Most labor union leaders, in contrast, followed George Meany's lead and denounced the guidelines.)

Business people also chose to comply because they feared governmental sanctions. Although the guidelines were called voluntary, the government announced emphatically its intention to punish those who failed to comply. Threatened punishments included the withholding of large federal contracts, the more damaging exertion of federal regulatory powers, and the publication of an "enemies list" of noncompliers. Obviously, the major corporations, many of which do considerable business with the federal government, had no desire to jeopardize continued sales to Uncle Sam. The regulators, of course, can deal crippling blows to any corporation. And naturally, no one wants the adverse publicity of inclusion on the enemies list, where a firm is adjudged guilty of antisocial behavior by the court of public opinion until proven innocent by its own efforts and at its own expense.

Finally, some business people probably chose to comply simply because they wanted to contribute toward an important public purpose and to act as good citizens. Apparently, some business leaders honestly believe that guidelines make a positive contribution toward reducing inflation. Others, more skeptical of this, seem to believe that they should, as law-abiding citizens, comply even if the guidelines are purely cosmetic. To defy the President's program places them in a pseudo-lawbreaking posture that they prefer not to assume.

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Threats and Paper Work

From the start, a peculiar equivocality marked the guidelines program. On the one hand, the President and his subordinates insisted that the guidelines were voluntary. At every opportunity, they reasserted that the guidelines were not a step toward mandatory wage-price controls and that mandatory controls in any event short of a national emergency would be ineffective and pernicious. At the same time, however, they declared that the government would not hesitate to bring harmful force to bear on firms violating the voluntary standards. The guidelines were mandatory *de facto* but nonexistent *de jure*. The government would enforce compliance, to be sure, but it would do so capriciously, unrestrained by the legislative and judicial constraints that normally surround executive actions.

During the early months, while the basic standards were being fleshed out with detailed rules to cover diverse special cases, President Carter and Alfred Kahn, chairman of COWPS, worked to build public support for the program. Trumpeting the guidelines, they frequently resorted to demagoguery. Carter railed against "irresponsible firms" making what he called "unjustified price increases." "Too many business leaders seem to feel that the fight against inflation is not their responsibility," he declared, adding ominously that he would "not hesitate to identify those irresponsible firms and individuals to the people" and that he would "take firm steps to deal with this problem." Kahn echoed this message when he complained to the Economics Club, a Chicago business group, that "business doesn't believe it's part of the problem." Like a police officer administering the third degree to a common criminal, Kahn told his audience, "All of you are on the spot, and in trouble. . . . [The] business community hasn't been doing its share in the anti-inflation fight." These harangues did no real harm, but they made the President and Kahn appear either foolish or knavish in the eyes of knowledgeable people.

As long as COWPS lacked an informational basis for enforcement of the guidelines, it could take no effective action against anyone. The council therefore busied itself — and others — in an ambitious quest for data pertaining to the prices, costs, and profits of hundreds of large corporations. By the end of March, some 1,500 large corporations were

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being required to submit detailed reports. In as much as the 41 employees COWPS then had available to examine these reports could scarcely begin to scratch their surfaces, one is justified in viewing the privately financed costs of submitting the reports as a fine levied on certain firms for the crime of being big and publicly visible. Once again, a small but powerful governmental bureaucracy was imposing large costs – according to a *Fortune* writer, "untold millions of dollars" – on private firms in the form of compulsory paper work. What the government would do with the data acquired at such considerable private cost remained to be seen.

This early stage of the program – the period of threats and paper work – reached its climax at the end of April, when the Administration bludgeoned Sears, Roebuck and Co., the nation's largest retailer, into reducing its catalog prices uniformly by 5 percent. The reduction followed hard on a threatening telephone call from Carter to a Sears executive, the first such action the President had taken since announcing the guidelines. The headlines heralded the episode as a "victory" for the President and an example of "Presidential power." Some observers questioned the propriety of the President's exercising an unlegislated power to achieve a victory over a private party innocent of any legal wrongdoing.

Labor, Management, and COWPS

While holding back from early enforcement of the price standards, COWPS felt sufficiently confident of the wage guideline to project itself without invitation into a succession of labor negotiations.

Success attended the council's first such intervention, directed at negotiators for certain oil companies and the Oil, Chemical and Atomic Workers (OCAW) in December, 1978. The settlement reached in January, 1979, called for a 13 percent increase of wages over two years, well within the limit allowed by the guidelines. Government interveners, cheered and somewhat surprised by this early success, happily forecasted that the wage standards indeed would have an impact on the outcome of future labor settlements: "you've got people on both sides talking about them, sweating whether or not they fit within them, and taking them into their whole strategy."

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Perhaps it was so; but the future held many surprises.

The next major confrontation, one far more significant than the OCAW affair, arose in the trucking industry, where some 300,000 Teamsters faced a contract expiration date on April 1, 1979. Early in March the union, having failed to secure a relaxation of the guidelines from the Administration, asked the industry for an increase in total compensation approximately twice that allowed under the guidelines. Industry bargainers stood firmly behind the 7 percent limit, contending that the Interstate Commerce Commission had informed them that it would not allow firms to recover the costs of wage boosts in excess of 7 percent. Negotiators reached an early impasse at this point, compromise by management being blocked by a coalition of COWPS and the ICC.

Kahn reacted to the deadlock by warning the union that the speed and form of the Administration's proposed trucking deregulation, which the Teamsters adamantly opposed in any form, would depend on whether the contract settlement were "reasonable." As the deadline for a strike approached, differences between the two sides were said to be narrowing. Kahn had secured administrative reinterpretations that permitted certain wage increases to be exempted from the guidelines. Yet substantial differences remained unresolved. Bargainers complained that public statements and other meddling by Kahn and his subordinates made the negotiations more difficult. Said one exasperated management representative: "They've got to shut up." But they didn't. And so a strike, followed by an industry lockout, began on April 1. The work stoppage lasted 12 days and caused serious economic dislocations, particularly in the auto industry.

When a settlement was finally reached, President Carter hailed it as "welcome news" and an Administration official declared it "definitely within the standard." Impartial observers could plainly see, however, that the terms of the agreement leaped far beyond the permissible bounds. Reconciliation of the discrepancy required the use of "guideline math," which the editors of the *Wall Street Journal* illustrated as follows: "27 divided by three equals 7; 30 divided by three equals 7; 31.5 divided by three equals 7." Specifically, COWPS computed the settlement at an acceptable 22.5 percent increase over three years by (1) excluding part of the increased wages as

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"old money" promised in a previous contract, (2) excluding part of the additional employer costs of pensions, health care, and welfare programs, and (3) assuming future inflation of 6 percent per year in calculating the value of cost-of-living adjustments. Many observers concluded that the fudging perpetrated by COWPS doomed the guidelines as a force in future labor negotiations. Even Kahn admitted: "you can say with honesty that there has been bending of the standards."

Undaunted, COWPS immediately plunged headlong into the labor negotiations between some 55,000 rubber workers and their employers, where the United Rubber Workers' contract was due to expire on April 21. The president of the URW, Peter Bommarito, declared that he would bargain "as if the guidelines don't exist." The first industry offer, on the other hand, stayed just within the guidelines. The union promptly rejected it. Bommarito subsequently reported that he had reached an agreement with the employers but they had backed out of it under pressure from COWPS. Industry spokesmen refused to confirm this claim.

Once again, the guidelines were said to be exacerbating the bargainers' problems. The major difficulty this time stemmed from the government's insistence that bargainers use weighted industry average figures in computing base labor costs. Given certain differences among the firms involved, this implied that Uniroyal would have to offer a smaller wage increase than the other firms to be in compliance. Like the trucking negotiators, the rubber bargainers failed to overcome their compounded difficulties in time to avert a strike, and a walkout of 8,200 workers at 12 plants occurred on May 9. Bommarito called it "Carter's strike."

When a settlement was finally reached, it greatly exceeded the government's standard: even computed according to guidelines math, it reached about 27 percent over three years; more objective calculations indicated an increase of perhaps 40 percent, depending on what the cost-of-living adjustments actually turned out to be. Dismayed, COWPS gave notice at the end of June that three of the rubber companies (Goodrich, Firestone, and Uniroyal — Goodyear had yet to settle) were in "probable noncompliance" with the guidelines.

Similar failure attended COWPS's interventions into a disruptive 58-day strike against United Airlines, the nation's largest

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airline, by 18,600 mechanics and ground crew personnel belonging to the International Association of Machinists. Spokesmen for United contended that their hefty settlement did not violate the guidelines because it closely resembled a prior settlement by Trans World Airlines. (A program loophole permitted a firm to follow "in tandem" where an industry pattern had been established before the guidelines took effect.) Disagreeing with the airline's contentions, COWPS on June 5 placed United on its lists of probable noncompliers.

All in all, the council's actions in the field of labor relations had been disruptive and counterproductive. After its fiascos in the labor negotiations of the trucking, rubber, and airline industries, COWPS was perhaps relieved when Douglas A. Fraser, head of the United Auto Workers, told the government's interveners to "stay the hell away" from forthcoming negotiations in the auto industry. Fraser asserted that the President's men "would enhance the chances of our settling without a strike if they stayed away." The council did stay away from the auto industry's negotiations, which the UAW targeted on GM; and a peaceful settlement was reached just before the strike deadline, September 15. When asked whether the settlement complied with the government's standards, Fraser said he hadn't "the foggiest idea" and maintained that "we never discussed the guidelines." In fact, the auto contract far exceeded the government's standard.

On and Off the Enemies List

During the first six months of the program, COWPS tried to enforce the price standards by exerting pressures behind closed doors. Government officials approached a number of firms, accusing them of probable noncompliance and inducing them to moderate or rescind price increases in order to avoid further trouble. Apparently the interveners had some success with this quiet approach, but COWPS's small staff and inadequate data base severely limited its capacity to enter into private bargaining with firms. Near the end of April, 1979, the council decided to get tougher and add the power of public accusation to its arsenal of enforcement weapons.

On April 27, COWPS notified Crown Zellerbach Corporation and Hammermill Paper Company that they were probably not in compliance with the price standard. The council then in-

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formed the press of its actions, marking the first time that firms had been *publicly* accused as probable violators. Both companies asked for exceptions to the price deceleration standard, seeking permission to comply with the more lenient profit-margin standard. Within a few weeks both requests had been granted and the companies restored to good standing in the eyes of COWPS.

This sequence established a pattern that would be followed by many other firms during subsequent months: (1) COWPS publicly accused firms of probable noncompliance; (2) firms denied noncompliance and sought reconsideration and permission to switch to the profit-margin standard; (3) after inquiries and negotiations, COWPS granted an exception. So tiresome did this procedure become, as a multitude of firms swamped the council with requests for exceptions, that in late July COWPS announced that 59 firms could switch standards without doing the usual paper work. A council spokesman stated that, after processing about 200 requests for exceptions, "we've established what amounts to a body of law that is public and well-understood to the point where we feel these 59 companies can self-administer the profit-margin exception." In its gross misapprehension of how a "body of law" becomes legitimately established, this statement made a mockery of the American legal process.

Indeed, far from establishing a body of law, COWPS went about its business in an essentially arbitrary and lawless manner. Joseph H. Williams, chairman of a company publicly accused of probable noncompliance in May, sent a telegram to Kahn objecting to COWPS's "high handed tactics [that] can only discourage voluntary participation in the fight against inflation." In June the council's irresponsibility reached a new high when COWPS publicly castigated four lead companies even though their prices complied with the guidelines. "Their actions," said a council spokesman, "violate the intent of the program and are clearly inflationary." A representative of one of the accused companies observed that the council was "missing the basic point – lead is an international commodity." He added that unless the companies took advantage of high points in the world market's price fluctuations, they could not survive the low points.

Administrative inconsistencies proliferated. While COWPS

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granted permission for hundreds of firms to switch to the less burdensome profit-margin standard, it refused to grant the same permission to the Port Authority of New York and New Jersey, even though compliance with the price deceleration standard would require the port authority to examine in detail 2,500 individual agreements. Although the council exempted copper prices from the guidelines, it required compliance for lead and zinc prices. When General Motors in April introduced its new model compacts, they were exempted from the guidelines on the grounds that they were not just new models — and therefore subject to the standards — but *completely new products.* (Perhaps there had been method in the madness of Chairman Murphy's early and ardent public support of the guidelines program.)

The government's arbitrariness reached its highest elevation in the notorious Amerada Hess affair. This oil company's name first appeared on a list of probable noncompliers issued at the end of May, 1979. Perhaps its most unforgivable transgression was its urepentant attitude. Hess had never pledged to comply with the guidelines and had failed to respond to the threats of COWPS. The company's public response to governmental notices had been the terse statement: "We regret that the price guidelines as established by the council don't allow Amerada Hess to comply." Company spokesmen called the guidelines "grossly inequitable" and "inappropriate." To punish this unabashed sinner, COWPS on June 15 forwarded Hess's name (along with that of Ideal Basic's cement division) to the Office of Federal Procurement, which, in obedience to the President, was to withhold government contracts of $5 million or more from all noncompliers. Hess thus became one of the first two definite noncompliers publicly identified by the council.

Less than three weeks after Hess's inaugural appearance on the enemies list, however, the Department of Defense on July 3 announced that it had awarded a $77 million contract to Hess for jet fuel. Pentagon spokesman explained to an astonished public that an exception had been made to the rules of the guidelines program on grounds of national security. Actually, it had been established that dealing with alternative suppliers would cost an additional $49 million. Remarkably, it appeared that the Pentagon had put governmental economy above adherence to the President's anti-inflation program.

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Later reports revealed that Vice President Walter Mondale had on July 2 spoken by telephone to Leon Hess, the company's chairman, and that subsequently Kahn and representatives of the company had met several times. The final outcome of these high-level machinations was that the Amerada Hess Corporation keep its newly awarded contract with the Pentagon, agreed to comply with the price guidelines (using the profit-margin standard and switching its accounting system from FIFO to LIFO), and was removed from the enemies list.

As the summer of 1979 merged into autumn, COWPS had only two firms on its public list of definite noncompliers with the price standards: Ideal Basic's cement division and Charter Company, an oil firm. It seemed a pitifully poor showing after such frenetic efforts. Like the words of a Shakespearian idiot, COWPS's efforts to compile an enemies list had been full of sound and fury, signifying nothing.

Relative Price Distortions, Inefficiencies, and Uncertainties

The guidelines were not totally without effect: *some* wages and prices differed *at certain times* from what they would have been in the absence of the program. This does not imply that the program succeeded in slowing significantly the rate of decline of the average purchasing power of money. It does imply that the guidelines distorted the economy's structure of relative prices. As a consequence of these distortions, shortages of certain goods and services appeared. Resource owners were adjusting the uses of their resources in response to an artificial price structure. Economic theory establishes a presumption that under such conditions consumers suffer reduced welfare because the overall economy does a poorer job of allocating resources in accordance with the relative urgencies of consumers' demands.

Numerous distortions appeared in the labor markets. Early in 1979, Sibson and Co., a consulting firm, surveyed 634 large companies and found that 73 percent of them had reduced their budgets for salary increases during the coming year in response to the guidelines. Apparently the crunch squeezed management employees the hardest. Another survey, by Russell Reynolds Associates, disclosed that 44 percent of the chief executives responding thought the guidelines would make it more difficult to retain their best executives. A similar situation

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developed in the market for engineers. As one executive put it, "To handsomely reward your very, very good engineers to keep them from jumping ship, it sometimes becomes necessary not to give a raise to the less-than-superior guy to keep the whole payroll within the guidelines." Of course, firms acting in this way soon found themselves short of mediocre engineers.

Product markets, too, displayed guidelines-induced distortions. The aluminum industry provided a clear and important example. Several large producers announced in mid-March, 1979, that they would raise prices by certain amounts, allowable under the guidelines, on April 1. In late March, however, the council abruptly imposed a new requirement that prohibited firms from taking at once all the price increase allowed them during the second half of the program year, which commenced April 1. As the major companies reassessed their pricing options, buyers and smaller producers complained of confusion, disruption, and uncertainties in the market. Said a spokesman for Revere Brass and Copper, "everything is up in the air." One large buyer observed that "different producers will raise prices on different products to fit the guidelines. No one's even speculating on who's going to raise what price." Of course, in a more fundamental sense, the buyers were speculating; they could not avoid doing so. But unlike the risks of the free market, which experienced buyers and sellers learn to characterize and insure against, the uncertainties created by COWPS defied parameterization and hedging. One never knew what the council might require from one day to the next; all one knew was that it might be a requirement critically damaging to one's business calculation and planning, not to mention profits.

The aluminum industry also illustrated how the guidelines could create shortages. Under the government's standards, aluminum ingots were held to about 60 cents a pound during the first part of 1979. At the same time, however, the world price reached about 73 cents. Not surprisingly, with export prices excluded from the grip of COWPS's controls, producers began to divert ingots from the domestic to the export market. While exports of ingots during the first quarter of 1979 soared more than 300 percent above the level of a year earlier, domestic buyers complained of growing shortages. Traders and middlemen engaged in a "flurry of business," scrambling to acquire ingots for domestic resale or export. This episode

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showed clearly how the world market can impinge on domestic control programs, subverting their workings and generating even greater shortages than those that occur in purely domestic markets subject to price controls.

Many other distortions in product markets, too numerous to recount in detail, appeared in the wake of the guidelines. In industries scattered throughout the economy, many firms had to alter the timing as well as the magnitude of changes in prices. Uncertainties of all sorts abounded as business people and consumers alike tried to anticipate future changes in the government's standards.

As a wag had forecasted, the guidelines did prove to be the "mother of circumvention." But the story did not end there. Numerous firms actually complied with the government's standards. Many of these complying firms imposed real costs of economic inefficiency on the economy by adjusting their behavior to an artificial price structure and by transmitting artificial price signals to their customers. Further, firms that circumvented the program also imposed additional real costs on the economy, the various costs associated with circumvention – juggling accounts, altering product mixes, contriving evasive corporate mergers, and so on and on. Hence, the main lesson taught by this experience was an oft-ignored but inescapable one: when government attempts seriously to enforce a distortion of the economy's relative price structure, it reduces economic efficiency whether firms comply or not.

Promoting Social Conflict

Conflicts are endemic in American society. A primary duty of government is to prevent these social hot spots from bursting into flames. Unfortunately, in the first year of the guidelines program the government's officers, far from cooling inherent passions, willfully excited them. Bluntly put, both the President and COWPS actively, and quite unnecessarily, created and exacerbated social conflicts. Hence arose still another of those nonbudgetary social costs so commonly ignored when socio-economic analysts add up the bill for government's efforts at promoting the "public interest."

Much of the problem sprang from COWPS's own recognition that with its limited budget and staff it could not monitor many wages and prices, much less enforce its standards on recalcitrant

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private parties. This problem, similar in principle to that confronted by any police state, obtained a Soviet-style solution: people were encouraged to watch one another and to report observed crimes to the authorities. Never mind that these crimes were not really crimes; they were, the President and Kahn kept insisting, socially reprehensible and ought to be stopped. In this spirit, the spirit of stirring up mutual distrust among the citizens, the government proceeded.

Leaders of the AFL-CIO wished earnestly to assist in identifying "price cheaters" and bringing them into the glare of public scrutiny and condemnation. When George Meany proposed that union members establish a "price watch," monitoring stores and reporting prices to COWPS, President Carter pronounced the plan "very good." Besides receiving reports from the labor unions' "shock troops in the fight against inflation" (this disconcerting metaphor was coined by a union official), COWPS announced that it would happily receive and investigate reports from small business people and from a group calling itself Citizens Opposed to Inflation in the Necessities (COIN), a coalition of some 60 labor, consumer, minority, and senior citizens groups.

The government's price control officials must have known that the data obtained from such unsystematic and unconfirmed reports would be worthless. Because the guidelines applied only to a firm's *average* price and because so many exemptions and special rules applied, it was simply impossible for either the neighborhood price monitors or the council itself to know whether a particular price change indicated noncompliance or not. The amateur price watchers therefore threatened to inundate the council's already overwhelmed staff in a tidal wave of totally useless price reports. But no one needed to worry. Enthusiasm for statistical nit-picking among the masses quickly evaporated, if indeed it had ever existed. Four months after the initiation of these efforts, it was reported in early August that "only 156 [AFL-CIO] monitors finally sent in the right forms filled out in the right way, after making between 3 and 11 trips each to their target stores — or 658 visits in all." The whole episode was aptly compared to the Children's Crusade.

Almost everyone sensed that the guidelines program was unfair, though no consensus existed as to the precise kinds

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of unfairness involved. After polling a cross section of the public, Louis Harris reported in early June, 1979, that people believed "that big business and big labor have broken the guidelines, and that the situation has been unfair and harmful to the elderly and the poor, as well as to employees who are not members of labor unions." A majority of Harris's respondents therefore favored substituting mandatory wage-price controls for the guidelines.

How the guidelines actually affected the elderly and the poor remained obscure, but the program's effect on the earnings differential between union members and nonunion workers stood out more clearly. In fact, what mattered most was not union membership itself but membership in a union whose contract included a cost-of-living adjustment (COLA). Under COWPS's rules, the monetary equivalent of an expected COLA payment was computed for purposes of determining compliance on the assumption that the annual rate of inflation during the life of the contract would be 6 percent. Thus, in the eyes of the council, a contract with a 2.5 percent wage increase plus a COLA adjusting for 75 percent of inflation was equivalent to a contract with a 7 percent wage increase and no COLA. But if — as actually happened — the rate of inflation turned out to be 12 percent, the former contract actually increased wages by 11.5 percent, while the latter remained stuck at a 7 percent increase. Despite widespread violations of the guidelines in the nonunion sector of the labor markets, the union-nonunion gap did widen significantly during the first year of the guidelines, an abnormal development for a near-peak stage of the business cycle. According to Jason Benderly, an economist for Washington Analysis Corp., "The guidelines were almost totally ineffective in the unionized sector, but they have been faithfully followed by many nonunion managements. As a result, the nonunionized sector's catch-up in wage gains was prematurely aborted."

Obviously, the government's treatment of COLAs heavily favored the 9 million workers subject to such contractual provisions. It also, though not so obviously, established incentives for other union members to press for COLAs and for nonunion workers to join unions. Perhaps this was not an anticipated effect of the program; it may say more about how obtuse than about how conspiratorial the bureaucrats were. In any event, no

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one could fail to notice that the government's treatment of COLAs rested on a wildly improbable forecast. Making public policy depend on this preposterous projection clearly favored one group of workers and penalized another; it therefore exacerbated one of the more menacing conflicts in the already conflict-ridden domain of labor relations.

The guidelines were bound to be challenged in court. In suits brought by several labor unions, the AFL-CIO, and a small group of congressmen acting as "friends of the court," the government's use of its procurement policy to enforce the wage-price standards was first struck down by a district federal court, then upheld by the court of appeals. The Supreme Court declined to review the case. This left open the possibility that the high court would strike down the program at a later date. The legality of the guidelines therefore remained under a cloud, but the President's men were elated by the Supreme Court's momentary quiescence. Ed Dooley, a spokesman for COWPS, nobly promised reporters: "We will use this authority fairly and firmly against those who seek unfair advantage while the rest of us make sacrifices." It was not reported whether Dooley uttered these words with a straight face.

Conclusions and Interpretation

Patently, the guidelines did not slow the rate of inflation: during 1979 the decline in the purchasing power of money actually accelerated. That the program failed to achieve its ostensible objective therefore is beyond argument.

The guidelines did have other effects. They (1) imposed substantial reporting costs on hundreds of large firms; (2) disrupted several important collective bargaining negotiations, twice helping to bring about costly and disruptive strikes; (3) induced distortions in the economy's structure of relative prices, with consequent shortages of various goods and services and reductions in overall economic efficiency and consumer welfare; (4) exacerbated a variety of social conflicts; and (5) further jeopardized American liberties through the demagogic, congressionally unauthorized, and constitutionally questionable actions of the President and COWPS.

Naturally in view of all this, one wonders why the administration clung to the guidelines. Of course, no one except the President and his close advisers can know for sure. In the

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absence of an official confession, however, one may tentatively subscribe to the following explanation. First, the President was unwilling to bear the political risks associated with a genuine anti-inflation policy, particularly the risks associated with rising unemployment, which is an inevitable consequence of pushing inflation below the rate anticipated in the labor markets. Second, most voters are densely ignorant of economics; many actually believe that wage-price controls can serve as an effective anti-inflation policy. Under these conditions, the President could get what he wanted as a practicing politician from the guidelines: they gave the appearance that the government was "doing something" about inflation, shifted the blame for inflation onto big business and big labor, and allowed the President to continue pursuing a low-unemployment strategy by means of highly expansionary fiscal and monetary policies. The guidelines, in brief, were simply a political circus to bemuse the masses and divert their attention from the realities of economic life.

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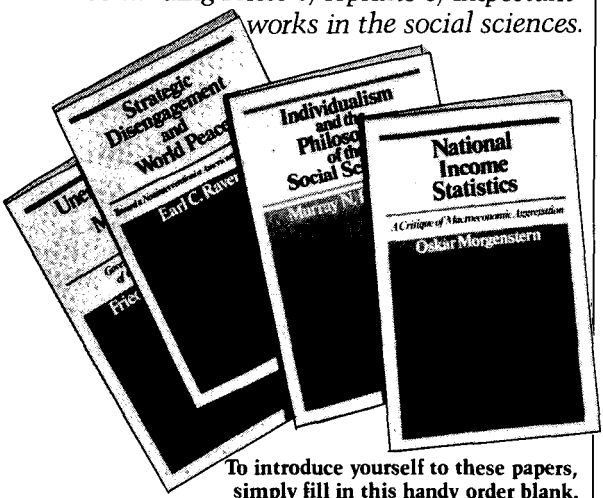
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Rhodesia: A Hope for Southern Africa

S. I. HAYAKAWA

The underlying assumption of the Lancaster House Conference in London is that Rhodesia is still a British Colony. With the withdrawal of France from Djibouti in 1977, the last real colonial possession in Africa achieved independence. Britain, whose own withdrawal from Africa in the 1960s precipitated the winds of change, has not in reality controlled Rhodesia since 1965; yet the premise on which the Lancaster House Conference proceeds – and that underlying all the previous eight futile summit conferences on Rhodesia – is that Great Britain is still the legitimate ruler of Rhodesia, that Ian Smith and Abel Muzorewa are rebels, and that the civil war in southern Africa can be ended by British diplomatic leadership and pressure.

The Lancaster House Conference was a logical development because, regardless of the merits of the Internal Settlement under which Rhodesia made a transition to majority rule, few governments actually believed that it would endure. Almost all of the international observers who were present in Rhodesia during the April elections reported that these elections were free and fair, that the people of Rhodesia really preferred Bishop Muzorewa, and that the new constitution was both an equitable and a practicable instrument of government. Margaret Thatcher's own observer, Lord Boyd, presented a report that came to these conclusions, and Mrs. Thatcher herself appeared to endorse them and to accept the prudence of lifting sanctions and recognizing the new Rhodesian government.

However, neither the U.S. State Department nor the White House nor the British Commonwealth of Nations nor, most significantly, the Frontline States and Nigeria accepted the internal settlement. The reality of the Rhodesian problem, then, required some advance beyond the Internal Settlement and the majority rule arrangements under which Muzorewa held power. If one objection to the Settlement was that the Rhodesian Constitution had not been chosen in a referendum, then a new constitution, designed in Whitehall by men who had never seen

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Rhodesia, had to be provided. If the war had not been ended by the election and installment of Muzorewa and his Cabinet, then it was to be ended by another election and the installment of a somewhat different Cabinet, presumably including the Patriotic Front. If the whole transition from white oligarchy to black democracy had not been accepted as genuine in the General Assembly, then a new transition under British sponsorship would resolve the reservations that the leaders of the Third World felt.

Mrs. Thatcher wisely made the conference a Commonwealth affair, thus excluding the Carter Administration, whose African policy has been a disaster. That policy was designed on one hand to support the highest principles of human rights and on the other to ingratiate the United States with the black African nations; it should have been clear from the outset that these two goals were mutually exclusive. American policy equated conditions in Rhodesia with those formerly encountered in the American South. In accordance with this specious interpretation, the pattern of the civil rights campaigns of former years re-emerged.

The old slogans of the American struggle for civil rights governed the Administration's thinking: "one man, one vote"; "Black Power"; an end to racism and exploitation by "Whitey" – the familiar litany. The media busied themselves creating the image of white oppression by depicting brutal Rhodesian settlers killing heroic black freedom fighters. In Congress the Black Caucus made Rhodesia's internal politics its own and dealt with the issue as if it were a domestic American problem. Every black who had participated in the civil rights campaigns was exhorted to support his embattled black brothers.

It seems never to have dawned on the protagonists of Carter's African policy that in the minds of black Rhodesians the memories of tribal warfare are politically as potent as the historical antagonisms among the European nations. While it would not occur to anybody of sound mind to consider white skin color as a force unifying Belgians, Basques and Bulgarians, it was taken for granted that blackness unified all blacks regardless of cultural and historical heritage. Accordingly, the Administration's African policy was depicted as a struggle of blacks against whites for human rights. Because few Americans are informed about Africa, this characterization of the problem was

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widely accepted. It must have come as a shock to black opinion leaders in this country to find the Frontline states more realistic and politically astute than the decision-makers in the Carter Administration, who had given the leaders of the Patriotic Front a virtual veto.

Understandably, Mrs. Thatcher is deeply concerned with the threat to the Commonwealth that would result if Britain unilaterally lifted sanctions on Rhodesia. In the late spring of 1979, Nigeria and the Frontline States were talking about pulling out of the Commonwealth, and Nigeria was suggesting that it would embargo oil sales to any state that did lift sanctions. This threat was important in President Carter's decision to retain sanctions in June. When Nigeria, on the eve of the Commonwealth Conference in Lusaka, actually nationalized British Petroleum holdings, the threat appeared to become a reality. It was in the context of African threats to bolt the Commonwealth – and unparalleled rudeness to the Queen and Prime Minister in Lusaka – that Lord Carrington devised the plan for the Lancaster House Conference.

The notion of another conference on Rhodesia was welcome to the African members of the Commonwealth, including Nigeria and two of the Frontline States, Tanzania and Zambia. The latter is the main sponsor of Joshua Nkomo's guerrilla army. On the one hand, Tanzania has never been militarily involved in the Rhodesian war, and an eventual guerrilla victory in Salisbury, won by Zambia and Mozambique, could actually diminish Julius Nyerere's standing. On the other hand, Zambia now contains more military forces loyal to Nkomo than it does to its President, Kenneth Kaunda. This situation understandably makes President Kaunda nervous. The Zambian-based guerrillas are increasingly unable to carry on the war in Rhodesia. Hence any guerrilla victory is more likely to be won by Robert Mugabe and his Mozambique-based forces than by Nkomo and his guerrillas. Neither of these facts can contribute to Kaunda's peace of mind.

What is probably most disturbing to all the Frontline presidents is the diminishing prospect of any guerrilla victory at all in Rhodesia. The Patriotic Front, after weeks of boasting that the April elections could not be held because the Front would not allow them, proved unable to prevent the massive turnout of voters. Nkomo himself, shortly before the elections, was

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reduced to the ignominious position of having his own house in Lusaka attacked by Rhodesian security forces, and of being forced to flee into hiding while the Rhodesians lingered unmolested in the Zambian capital. The security forces themselves are reported to show utter contempt for the Patriotic Front, whose military actions seldom rise above the level of banditry. Added to the ineptness of the guerrilla armies in the field is the intense political and personal rivalry between Nkomo and Mugabe, the tribal and ideological conflicts among their forces, and the likelihood that even a victory of the Patriotic Front would not end the bloodshed in Rhodesia.

Up to now, it is clearly Murozewa who has come out ahead at Lancaster House. The presence of Ian Smith as minister without portfolio was widely viewed at first as a serious error — a confirmation of the Front's claim that the Bishop is really a pawn of the whites. The real effect of Smith's presence, however, was quite the opposite. By holding out intransigently for the entrenched clauses, in opposition to Muzorewa's willingness to compromise, Smith's position contrasted with that of the majority of the delegation. By returning to Salisbury to rally white support against a compromise, Smith appeared to break with Muzorewa and to create sympathy for the black Prime Minister as a voice of moderation and realism. Muzorewa then endorsed the British plan for a modified white presence in the Rhodesian Parliament and effectively threw the ball to the Patriotic Front.

Mugabe and Nkomo were then cast as the real obstacles to a settlement. They held out for an integration of their guerrillas with the security forces, for radical redistribution of land, and for an impossibly long transition period. Failing to obtain these concessions, which would have given the Front strong advantages in future political conflicts in Rhodesia, Nkomo and Mugabe refused to attend further negotiating sessions and effectively brought the Conference to a halt.

As the talks enter the final stages, Muzorewa has emerged as an accomplished diplomat; journalistic references to his diminutive stature (one seldom saw references to Nkomo's fatness), his comparative inexperience in politics, and his dependence on the Rhodesian whites now seem increasingly irrelevant. He has come away from his first major confrontation with the Western powers as a serious political force.

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The Patriotic Front, to be sure, has been in a difficult position from the start of the negotiation. Discussions between Mugabe and Nkomo for the establishment of a joint military command shortly after the April elections in Rhodesia did not go very far. Mugabe strongly resents Nkomo's policy of holding his own forces in reserve while Mugabe's ZANU takes the punishment from the security forces. Moreover, there are deep-seated ideological and tribal divisions between them. In an interview last spring, Mugabe recounted Nkomo's foot-dragging on further involvement of the Front with Soviet satellites such as Cuba, Vietnam, and Ethiopia (Mugabe is far closer to the Communist states in his sympathies than Nkomo). He also alluded to his own vision of Nkomo's future role:

> We (ZANU) will try at every stage to unite with ZAPU (Nkomo's group): they are a progressive force. In the end we will say they have been with us even though they haven't played an equal role . . . . At the end of the struggle, when victory has been achieved, we will still consider them partners although they played a lesser role. (*New African*, May 1979, pp. 35-36.)

Mugabe thus appeared to be setting the stage for diminishing the role of Nkomo in the future, and well he might.

The principal reason that the Front has insisted on a long transition period at the London Conference is to use the extra time to gain political support of Rhodesians at the grassroots level. At the present time, and in the past, neither Nkomo nor Mugabe could hope to gain votes in a free election. That is why neither was prepared to join in the electoral process last April, although both were repeatedly invited by the Salisbury government to do so. But in a contest between Mugabe and Nkomo, the latter would prove to be far more popular.

Nkomo has the longest and probably the most consistent record as a Rhodesian nationalist and political leader, and he would probably control a strong base among the Matabeles, who compose about 15 percent of the black population. Mugabe himself would have only a small popular base at best and would have to compete with other Mashona tribe leaders. One of the hopes of the whites in Rhodesia until recently has been that they could use the mutual animosities of Nkomo and Mugabe to disrupt their alliance and bring Nkomo into the Internal Settlement. Yet both leaders of the Front have had

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little inducement to lay down their arms. With the support of the Frontline States, the Soviets and their Cuban surrogates, and, until recently, the barely concealed support of David Owen and Andrew Young, the Front, despite its internal divisions, appeared to hold a powerful hand.

The disappearance of Owen and Young from their respective governments, and the increasing awareness of Nyerere and Kaunda that a peaceful settlement would be in their own best interests, have served to modify the Front's position at Lancaster House. The political position of the Front has weakened in the past few months, and its military position has become ludicrous as the security forces have repeatedly bombed Mugabe's bases in Mozambique and recently launched a massive strike inside Zambia, simultaneously with a South African attack on SWAPO bases there. Lancaster House therefore represents something of a last chance for Mugabe and Nkomo to get their foot in the door; their best hope lay in their demand to integrate their own forces with those of Salisbury. Their inability to obtain this central concession has been a setback for their whole negotiating position and their strategy.

By being able to bring all the feuding Rhodesian tribes as well as the white settlers to the conference table, Mrs. Thatcher has demonstrated political skill and a sound assessment of African realities. However, even if a complete agreement in London can be reached, we are by no means out of the woods. The future of Rhodesia will remain uncertain. Politics and tribalism are bound up with each other in Zimbabwe-Rhodesia, as in other African nations — which are ruled not by political parties, but by tribes or tribal nations. Tribal affiliations have been a powerful influence in shaping, as well as destroying, African states.

Indeed, many observers have linked the predominance of white rule in countries like Rhodesia, South Africa, and South-West Africa to persistent, divisive, tribal rivalries. Although Rhodesia's 263,000 whites have been forced to accept majority rule by the 6.7 million blacks, their twelve-year resistance to this change might have been shortened if tribal groups had been able to overcome their feuds. But the feuds continue.

Rhodesia's gradual transition to complete majority rule is likely to be marked by the ascendance of either the Matabele nation or the Shona nation. For years the historical enmity between Rhodesia's two major tribal groupings has been ef-

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fectively subordinated in the American press to the black struggle against white domination. That struggle remains intense, but the gradual realization of black majority rule has once again brought a politically explosive tribalism to the surface.

The animosities left over from more than two hundred years of these clashes continue to govern Rhodesian relations today. The new black majority government of Zimbabwe-Rhodesia is threatened, therefore, not only by Nkomo's and Mugabe's guerrillas, but by further tribal divisions – potentially just as damaging to the stability of the nation.

Today Rhodesia is still divided administratively into Mashonaland and Matabeleland, reflecting the groupings of tribes united by language. The largest of these two groupings is the Shona, or Mashona, which represents 82 percent of the population and is subdivided into three main tribes – Zulu, Suto and Kalanga. More than four million blacks (60 percent) still live under tribal rule. Rhodesian politics, both inside the country and in guerrilla movements based outside, are overtly tribal, so that civil war between blacks seems almost inevitable. While this may seem to be an excessively gloomy prediction, it is true that as the whites relinquish their power step by step, political vacuums develop. As recent history demonstrates, black politicians, in their attempts to fill these vacuums, often exploit tribal allegiances.

Perhaps the most blatant example of tribalism in the Rhodesian situation was the May announcement of Chief Kayisa Ndiweni that his United National Federal Party, which represents the Ndebele tribe, would not accept the two cabinet posts to which the April election entitled it. Another example was the vote of Muzorewa's Manyika-dominated United African National Council to expel the party's first vice-president, James Chikerema, a prominent member of the Zezuru tribe. Furthermore, a continued boycott of the government by Sithole and eleven other members of his own party, means Muzorewa must rely on tribally-based minority parties or the white members to pass legislation.

As the only leading member of the Matabele among the rivals for power, Nkomo has consistently de-emphasized tribalism. Nkomo seems sincerely to want his movement to be truly national, but as the political process evolves, he will take his backing wherever it comes from – which means from tribal

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units.

These examples indicate the strange problems facing the peace-makers in London. It is too early to tell whether the complex divisions and allegiances of Rhodesia's language groups and tribes will eventually impair – or even wreck – the anticipated London accord. However, it is clear that tribalism is potentially as great a threat to the aspirations of Rhodesia's black masses as white supremacy has ever been.

A solution to the long-run problems of an emergent Zimbabwe-Rhodesia must be sought, it seems to me, by rising above tribal rivalries, rising even above national politics, and thinking of Zimbabwe-Rhodesia as part of a great and potentially rich and powerful *region*. The region of Southern Africa, excluding the Republic of South Africa, covers an area almost equal in size to all of Europe. It includes Botswana, Lesotho, Swaziland, Zambia, Malawi, Zimbabwe, Mozambique, Angola, and Namibia. Only the last three have direct outlets to the sea. The climate ranges from the almost total aridity of great areas of Namibia and Botswana to the tropical rain forests of Angola and Mozambique. Seventy percent of the region consists of marginally arable grassland, which ranges in use from animal husbandry in central Malawi to crop production in Zimbabwe, Zambia, and Lesotho. The region is characterized by a small number of large rivers, so that there is a great unexploited potential for power and irrigation in the major basins. The natural resources of the region suggest the possibility of self-financed, rapid, socio-economic growth and development.

Angola, Botswana, Mozambique, Namibia, Zimbabwe, and Zambia are known to have deposits of petroleum, coal, diamonds, copper, iron ore, chrome, bauxite, tungsten, and uranium. At the present time these resources produce little or no income because of political turmoil, transportation difficulties, energy shortages and the lack of investment capital. Zimbabwe, Angola, Lesotho, and Mozambique have the potential to develop low-cost hydroelectric power in excess of their present installations. Reduction of energy costs in the region would encourage overall development, improve the quality of life, and provide thousands and thousands of jobs.

The U.S. Agency for International Development indicated that "there is reason for optimism about the future social and economic development of southern Africa." According to the

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Agency the region is sufficiently well endowed so that once political and institutional constraints are dealt with and an adequate infrastructure is provided, these countries should be able to finance their own development.

Undoubtedly the economy of Rhodesia is the most advanced of any of the countries in Southern Africa except for the Republic of South Africa. In Zimbabwe the industrial sector has remained strong in spite of the difficulties caused by sanctions. By contrast the industrial sector of neighboring Zambia requires government subsidies and protection. It is clear that sanctions, despite the problems they presented, have had the beneficial effect of forcing industrial innovation and diversification, thereby contributing to the long-run strength of Rhodesia's economy. Diversification has enhanced self-sufficiency and pride.

In an open regional economy, an independent Zimbabwe will be the most convenient and probably the least expensive source of many industrial products, especially manufactured goods, for most of the countries in the region. If Mrs. Thatcher and Lord Carrington should succeed in ending the guerrilla war and finding a solution acceptable to all, Zimbabwe will be the central force in the region's economy. The competitive edge that the country has had in the past will make itself felt again; exports will increase and thereby stimulate the overall economy. As the U.S. Agency for International Development recently pointed out, prosperity in Zimbabwe will spill over into the rest of the region. Rising incomes in Zimbabwe will create a growing market for its neighbors' products and auxiliary industries will appear in surrounding countries. The opening of the border will give Zambia easier access to the rest of the world, raising its income, which in turn will benefit its neighbors.

As I see it, if a regional pattern of economic cooperation can be developed, an independent pacified Zimbabwe would give the entire region a forward push in which growth in one country will generate growth in others.

If tribes, political factions, and nations in Southern Africa can bury the hatchet, there is a shining future ahead for Zimbabwe-Rhodesia and all her neighbor nations.

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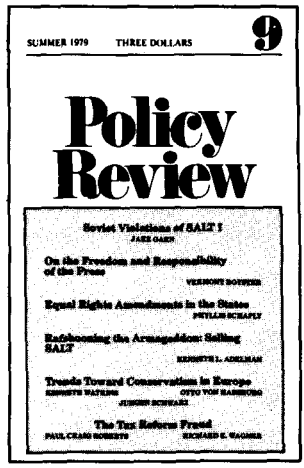

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Book Reviews

Dissidence in the Intellectual Class

MEMOIRS OF A DISSIDENT PUBLISHER. *By Henry Regnery*. (Harcourt Brace Jovanovich, New York, New York, 1979).
BREAKING RANKS. *By Norman Podhoretz*. (Harper & Row, New York, New York, 1979).
THE NEOCONSERVATIVES: THE MEN WHO ARE CHANGING AMERICA'S POLITICS. *By Peter Steinfels*. (Simon and Schuster, New York, New York, 1979).

It has been often held that America lacks a genuine conservatism because it has never had the social foundations – hereditary aristocracy, religious establishment – that produced conservatism in Europe. This has even led some to say that liberalism is the sole American tradition. If so, liberalism has often had a hard time of it.

Every proposed change meets resistance. Those who feel that change generally tends to undermine rather than improve a stable social order, and that such an order's conservation must always be weighed before change can be responsibly contemplated, can be said to be conservative in principle, and America has always an abundance of such people. It is Pickwickian to withhold the description from them.

The complaint that there has been no authentically American conservatism has usually come from people who would not welcome one. In fact this complaint gained currency among American liberals during the 1950s, at the moment when they were consolidating their ascendancy in the universities and journals. It allowed them at once to assert that liberalism was the sole truly American tradition, and to deny conservatives status, access, attention, or even professional standing.

In *Memoirs of a Dissident Publisher*, Henry Regnery recalls the difficulties, in the years following World War II, of getting conservatives' ideas into circulation. Those ideas had to be packaged in conservative books, which in turn had to run the gauntlet of liberal reviewers. Regnery published dozens of excellent books by men like Russell Kirk, William Buckley, James Burnham, Willmoore Kendall, Felix Morley, Whittaker Chambers, and James Jackson Kilpatrick, only to see most of them snubbed or simply ignored by the major literary journals, which were committed to what conservatives bitterly called "the liberal orthodoxy."

Regnery himself was an early dropout from liberalism. After a brief stint in the New Deal bureaucracy, he became a passionate isolationist and opponent of the welfare state. (The way for his disillusionment had been paved at Harvard by his teacher Joseph Schumpeter.) Shortly after the war ended he was publishing retrospective vindications of isolationism and attacks on the Allies' German occupation policies. As liberalism took shape, so did an answering conservatism, and Regnery brought forth everything from major treatises like Kirk's *The Conservative Mind* to

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muckraking exposes of cronyism under the Truman Administration.

Despite his quiet, sometimes ponderous tone, Regnery is justly proud of his lifetime's list, and justly indignant at the treatment it so often received. The book on Truman's apparent obstruction of justice, a series of pardons and firings as outrageous as Richard Nixon's Watergate misdeeds, passed almost unnoticed. So did a prescient book on the structural collapse for which the Social Security system was destined. So did a series of books on Soviet labor camps.

The treatment of Buckley's first book, *God and Man at Yale*, was different, but no less instructive for that. In essence Buckley charged that Yale's faculty, despite its rhetoric of intellectual and academic freedoms (young Buckley was perhaps the first to bear down on the vital distinction), was largely, even systematically, hostile to both religion and free market economics. Today the book seems a polite, rather quaint documentation of the obvious. At the time, however, it caused nationwide sensation. Several reviewers (including Michael Harrington) called it "fascist," while others (including Arthur Schlesinger Jr.) termed it "totalitarian." Actually it was a rear-guard defense of private property, and the remedies it prescribed were exclusively private measures.

Such was the liberal hysteria of those years that Regnery took what amounted to a net loss on the book. Despite being a best-seller, *God and Man* moved the Great Books Foundation to break its contract with Regnery, defying him to sue. He had been printing cheap text editions of certain classics, a valuable staple in the precarious publishing business; at a stroke he was thrown back on current titles, though he made the best of matters by launching his own list of paperback classics, Gateway Editions.

But *Memoirs* is far from a sour book. Regnery got to know a number of remarkable men, and he has good stories to tell of Ezra Pound, T.S. Eliot, Roy Campbell, and others. As these names suggest, he was not confined to publishing political books, and his wide interests impart richness to his reminiscences. Among philosophical and theological writers he introduced to this country were Max Picard and Romano Guardini. He was the first American publisher of Raymond Aron, as well as of Aquinas's three-volume treatise *On Truth*. His tenderness for his old books leads him to summarize the contents of many which have gone out of print, lest they perish altogether – a feature that makes his memoir both admirable and useful.

Norman Podhoretz is an acknowledged leader of the movement that has been tagged "neoconservatism," though he prefers the term "centrist." This may be as good a place as any to reflect on the distinctions between conservatives and neoconservatives. Regnery and Podhoretz are so vividly and thoroughly different as to invite such reflection.

Despite some customary early flirtation, Regnery lost little time getting liberalism out of his system. To this day, one gathers, he regrets American involvement in the last world war. He supported Joseph McCarthy, and belongs to that style of American conservatism that is often called anti-intellectual, especially by people who call themselves intellectuals. In all this Podhoretz is his opposite.

There is no urgent reason to take sides between them, but it is worth

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noticing that the older conservatism defined itself by opposition to the rising body of intellectuals. After the war, with the enormous expansion of higher education, largely subsidized by public monies, the American intellectual class increased in mass and status. Conservatives were especially suspicious of this class and its susceptibility to various forms of economic collectivism, reformist and utopian; they were not so much anti-intellectual, perhaps as anti-*the*-intellectuals.

Conservatives themselves were intellectuals of a sort, for which the best term may be Peter Steinfel's coinage and "counterintellectuals." Many of them, like Burnham and Kendall, had distinguished themselves in the world of ideas, but remained estranged from the sociological body – the established church, as it were – of the intellectuals. Burnham had left the academy altogether; Kendall (Buckley's teacher) remained uneasily at Yale, until the school, in an unprecedented deal, bought back his tenure; Richard Weaver lived an oddly reclusive life at the University of Chicago.

McCarthyism provided a watershed. The Communist issue quickly put the rising intellectual class on the defensive. Intellectuals had been, even more than the labor movement, the matrix of American Communism, if only by their tolerance of Communists (among all sorts of radicals). Many of the most prestigious universities turned out to have harbored supporters and agents of the Soviet Union.

Conservative and McCarthyite attacks posed a real bread-and-butter threat to the universities. McCarthy, it may be only a slight exaggeration to say, sealed his own doom when he broadened his assault on government agencies to include Harvard. At that point many academicians who were not at all pro-Communism sensed an immediate peril, and an entire class closed ranks. Even limited critiques like Buckley's were taken as part of a more general attack. Intellectuals lost no time in rhetorically portraying the stake as the life of the mind itself. If they were overwrought, they were at least right to fear that they might be faced with unpleasant public and even governmental scrutiny.

Finally, of course, the intellectuals won. Among the spoils was an almost total immunity, even in state-funded schools, from responsibility to the public. As Jeane Kirkpatrick has noted, one legacy of McCarthyism – of the defeat of McCarthyism, at any rate – is that it is no longer felt reasonable to demand loyalty and patriotism of intellectuals. Their status assured, the intellectuals punished their conservative enemies with ostracism. It is interesting but idle to speculate how different the result might have been if the conservatives had kept their distance from McCarthy. Kendall, however, may have been right to stress that the enmity predated McCarthy's appearance.

If the conservatives attacked the intellectual community from without, neoconservatism has more of the character of a schism within that community. Many neoconservatives retain their tenure at Harvard or Columbia (Podhoretz's alma mater), and most can flash solid anti-McCarthy credentials. It is significant that they and their more hostile critics still exchange charges of McCarthyism, quasi-McCarthyism, and McCarthyism-of-the-Left.

Podhoretz offers an inside look at the schism in his new memoir,

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Breaking Ranks. He had already broken ranks with his fellow intellectuals in his earlier memoir, *Making It*, an anatomy of the success-drive as it operates in men who affect to live purely for ideas and ideals. Ironically, they were estopped by their own hypocrisies from calling him the obvious name: a traitor to his class. *Breaking Ranks* recounts his further treason in moving to the political right.

As editor of *Commentary* since he was thirty, Podhoretz helped launch the radicalism of the 1960s by promoting writers like Paul Goodman and James Baldwin. He himself was an advocate of disarmament and desegregation, among other causes, and though he always considered himself anti-Communist he was an early opponent of the war in Vietnam. Eventually he came to see the new radicalism informed by sheer hatred of America, and the rationale for his more moderately radical positions evaporated. Violent protest, racial strife, and the cults of sex and drugs completed his alienation from the alienated.

His turnabout cost him several friendships, none of which will be repaired by this book. Norman Mailer, Jason Epstein, Lionel Trilling, Baldwin, and Willie Morris are unspared and unflattered – as are the Kennedys and Eugene McCarthy. (Lyndon Johnson comes off surprisingly well, and Daniel Patrick Moynihan, unsurprisingly, even better.) Podhoretz is not altogether good-tempered, but he is undeniably shrewd. Paul Goodman, he quips, "was so self-centered that he wouldn't listen to you even if you were talking to him about himself." His grasp of human motives, material and spiritual, is such that he must be one of the few pundits who can remain unflapped by either a Brezhnev or a Khomeini. In discussing political issues he is consistently incisive.

The defection of the neoconservatives has jolted the intellectual community precisely because they have been members in good standing. As Podhoretz says, they know their enemy better than the conservatives because they have lived on intimate terms with him. All the same, Podhoretz's preoccupation with his old fellow radicals leads to a certain insularity of outlook. He terms James Buckley a "radical of the Right" and James Burnham a "defender of Joe McCarthy." The first description is false, though perhaps arguable; the second is simply false as a matter of fact. Surely he can afford to be more generous to men who approximated his present position before he did.

Unlike (say) Irving Kristol, Podhoretz tends to take intellectuals too seriously, and non-intellectuals too lightly. Spiritually, he seldom leaves Manhattan; he cannot resist jousting with old adversaries. Though he always wins, one questions the value of such victories. Often they are petty, not so much because they are somewhat personal, but because they seem unimportant to Podhoretz's own real concerns. It matters less to be an intellectual than to be a man, a father, a Jew, and an American. These are the things that make a man conservative. The mind is an instrument, and whoever professes to be guided by it in ultimate things seems disingenuous. It is the vice of intellectuals to disguise their commitments as conclusions. Though we try to square our commitments with the evidence, this is only the corrective action of the intellect. Our real impulses come from within.

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One wishes, in other words, for less polemic and more introspection. Podhoretz has told one interviewer that he hopes to write another book, this time on religion. One of the saints has remarked that God does not save his people through dialectics. Confessing one's ambitions, in the modern intellectual atmosphere, takes less boldness than confessing one's faith. Faith, after all, plunges beyond the demonstrable. Its affirmations do not mix well with the triumphalism of debate. Perhaps the main reason why conservatism has been on the defensive so long is that it reposes on convictions too deep for intellectual fencing. If we need anything now, it may well be a vindication of the private areas of the soul, areas which have suffered so much from the assaults of rationalism. Can Podhoretz write such a book? It is hard to imagine, and yet whoever does write it will need something like his fearlessness.

Neoconservatism has generally stuck close to the mainstream of accredited intellectual discourse, raising policy questions at first, then edging out toward more fundamental issues like human rights and the relations between morality and politics. Only gradually has it approached a general assault on liberalism, since it prefers as much as possible to argue with liberals on liberal ground. Its posture is secularist, even if its destination is not. Though many neoconservatives are religious men, they prudently refrain from challenging liberalism with a rival model of reality. This is another important difference between the old conservatism, which at least traditionally has been faith-affirming, and neoconservatism. Part of the difference may be due to the fact that the old conservatism was largely Christian, with a benign majoritarian confidence in the appeal of its religious premises, while most of the leading neoconservatives are Jews, with the ancient sense of beleaguerment among the gentiles.

One might expect Peter Steinfels, editor of the liberal Catholic *Commonweal*, to sense the submerged religious impulses of neoconservatism. But, although his book is fair-minded and perceptive, he hardly raises the subject at all. As a result his study *The Neoconservatives: The Men Who Are Changing America's Politics* stays close to the surface, confining itself to a few heartfelt compliments and a great many quarrels and quibbles about policy. He praises the neoconservatives for reminding us of the spiritual dimensions of public life, which he acknowledges that liberalism has forgotten or manhandled. But that is about all.

Though he eschews easy reductionism, he observes that neoconservatism has its own material axes to grind. Kristol and others point to the "New Class" interests served by egalitarian ideologies, which confer redistributive authority on bureaucrats and their intellectual mentors; but Steinfels argues that the real "New Class" is broader and more complex than this, and that neoconservatism offers an escape hatch to those strata of it that feel they would be better off if all change ceased, leaving them entrenched where they are. A cunning point, for what it is worth; but since Steinfels himself cautions us against making too much of it, his book amounts to a rather desultory and half-hearted critique of Kristol, Moynihan, Daniel Bell, and others. It is like a good scrapbook, interesting but inconclusive. He is so intelligent that one keeps expecting the book to turn out better than it does. Perhaps the trouble is that he also is too much

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the intellectual, afraid to expose what he cannot completely defend.

Along the way, Steinfels calls neoconservatism "the serious and intelligent conservatism that America has lacked." But since he gives no sign of any acquaintance with any previous American conservatism, one is tempted to answer with Dr. Johnson's blunt reply to the poor man who innocently said what a fine sermon they had just heard: "That may be, but it is impossible that *you* should know it." What Steinfels should have said is that conservatism has never broken out among the hierarchy of the postwar intellectual community before. That he can say what he does say is a measure of the obstacles Regnery faced in getting his books noticed.

What is redeeming about Steinfels' book is his honest appreciation of his subjects. Unlike most liberal intellectuals, he can seriously, and without anxiety, contemplate rival systems of thought. Unfortunately, when he is most appreciative – in his chapter on Daniel Bell – he is most opaque, and the book is in parts and on the whole strangely muddled.

None of these books offers a portable and satisfactory definition of conservatism. But they do make it clear, in their different ways, that liberalism as we have known it has lost the initiative, probably for good. There are too many better models on the market, and the nation has already paid too high a price in stability for changes that have not even kept their promise. It is a sign of the times that even many of the intellectual class that has sponsored liberalism (and many neoconservatives insist they are still liberals) can recognize that the promise is empty. If, as Steinfels suggests, many of the neoconservatives are opportunists, at least it is a happy state of affairs when opportunity is on the side of sanity.

Joseph Sobran

Western Guilt and Foreign Policy

PRESENT DANGER: TOWARDS A FOREIGN POLICY. By Robert *Conquest*. (Hoover Institution Press, 1979).
A DANGEROUS PLACE. *By Daniel Patrick Moynihan with Suzanne Weaver*. (Little Brown and Co., Boston and Toronto, 1978).
SIDESHOW: KISSINGER, NIXON AND THE DESTRUCTION OF CAMBODIA. *By William Shawcross*. (Simon and Schuster, New York, 1979).

A liberal theme of contemporary foreign policy is the guilt of the West in general, and the United States in particular, for the evils of the world. The charges are familiar to liberals and conservatives alike: the West is responsible for the poverty of the Third World; the United States caused

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the Cold War, and Soviet policy can be understood as a legitimate response to American militarism; America and its allies support oppressive counter-revolutionary regimes in Africa, Asia, and Latin America that oppress freedom-loving peoples.

The three books under review deal in different ways with Western guilt. The Conquest and Moynihan volumes challenge the Western guilt theme and offer, instead, an alternative positive view of Western politics and culture. The Shawcross book, however, applies the guilt thesis to the horrors which have afflicted Cambodia in the past decade.

Present Danger is a collection of essays, some of which have been previously published, by Robert Conquest, the noted British expert on the Soviet Union. The book is excellent not only because of its analysis of Soviet behavior but also because of its optimism and imaginative prescriptions for the conduct of foreign policy by Britain and other Western countries.

Present Danger views the Soviet Union as the major danger to world peace. The Soviet threat is described as political, military, and ideological, and no less real because of the rhetoric of detente.

Conquest shows that the Western and Soviet concepts of detente differ. In the West detente means a genuine effort to promote peaceful agreement between the Soviet Union and the West. For Soviet leaders detente is a method of struggle compatible with Soviet expansionism.

Many writers dealing with the Soviet Union have pictured detente in this way. The Conquest book, however, emphasizes the positive steps that the West can take to meet the Soviet challenge. Conquest offers his prescriptions in the context of what he perceives as the proper goals of foreign policy: the avoidance of nuclear annihilation on the one hand and the protection of Britain and the West against an alien despotism on the other. To achieve these goals, he argues, the West should recognize its strength and must be willing to apply its strength to the conduct of foreign policy. This strength is in technology, economic development, and individual freedom, and was at an earlier time in military power, as well.

Present Danger supports technological transfers and other economic trade ties between the West and the Soviet Union. It argues, however, that these matters should be handled in a way beneficial to the West – which is often not the present practice. Trade should not take the form of aid. Instead of offering overgenerous credit terms, allowing the Soviets ten to twenty years to pay for Western products, cash payments should be demanded. The Soviets could pay, Conquest says, if they reduced defense expenditures. The West should, consequently, stop subsidizing Soviet armaments.

Conquest also argues that technology can be applied as a political weapon to deal with Soviet intervention in the Third World. He criticizes the Western failure to act in Angola and in Ethiopia in the face of Soviet penetration, and remarks that even when Western military intervention was not forthcoming, technological transfers should have been used as a weapon.

Conquest also calls for regaining military strength in the face of major Soviet advances. Arms control can only occur if the West is strong.

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Present Danger is an optimistic book. It should be read as a counter to the Kissinger-type pessimism about the future of the West and the strength of communist systems. It points to the difficulties facing the Soviet Union and other communist countries in economic development. It argues that the United Nations can be a forum for the assertion of Western values against critics from communist and neutralist countries who argue the Western guilt theme. By taking a positive approach, Conquest asserts, the West can preserve its security. The optimism in *Present Danger* is also revealed by Conquest's perception of the future of communism. Over the long haul, he argues, certain beneficial changes in the Soviet system might occur. They will not take place, he insists, unless the West shows its resolve against the Soviet challenge.

Anyone depressed by the charge of Western guilt will find Daniel Patrick Moynihan's *A Dangerous Place* to be delightful reading. The book is a description – part notes and part essays – of the experience of the flamboyant American ambassador to the United Nations in an eight month period in 1975-76. Moynihan's book is a celebration of Western values against communist and other dictatorships. Like *Present Danger*, it is optimistic about the future of the West.

Moynihan was appointed to his UN post after his article, "The United States in Opposition," appeared in *Commentary*. In that article, Moynihan called upon the United States to take the initiative against its critics at home and abroad. The United States should go into opposition, he argued, when its critics blame it for repression and world poverty.

As an ambassador, he applied the philosophy of that article to the councils of the UN, and the result was disheartening to representatives of communist countries and those in the Third World who used Leninist rhetoric to denounce the West. He challenged resolutions which called for Puerto Rican independence, regarding them rightly as interference in the internal affairs of the United States. He eloquently warned the United Nations that the United States was not about to be lectured on the subject of democracy by representatives of totalitarian countries. He criticized Third World leaders who blamed the poverty of their countries on Western exploitation, and instead called on the Third World to encourage investment rather than rant about global redistribution of wealth.

A Dangerous Place vividly describes some of the great battles fought at the UN, of which the resolution equating Zionism as a form of racism was the most prominent. It recounts the embarassment of some delegates with the United States resolution to free political prisoners everywhere.

Moynihan believes that his work at the UN helped publicize the case for Western values. His work did not have a lasting effect, however, as General Assembly resolutions continue to condemn the West. In retrospect, it can be argued that by spotlighting the United Nations as a battleground for the conduct of foreign policy, he may have given that organization a limelight it should not have otherwise deserved. When Andrew Young assumed his post at the UN, he was assured a prominence which some supporters of Moynihan's position might regret. Young, however, was to gain attention in part because of the eminence which Moynihan had

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helped to give to the UN. Under Young the guilt of the West became a theme not only of Third World and communist representatives but of the United States Mission to the UN as well.

Western guilt for the evils of the world, which is denounced in the Conquest and Moynihan books, is exalted to a noble principle in *Sideshow*. William Shawcross, a writer who covered the Vietnam war for the *Sunday Times* of London from 1970-72, has written a book which places the blame for the horrors of Cambodia upon the United States – specifically on Richard Nixon and Henry Kissinger.

Shawcross's thesis is that United States policy in Cambodia in the period between the mid-1960s and 1975 was to view Cambodia as a sideshow to the fighting which went on in Vietnam. In this connection, Lyndon Johnson resisted efforts by his military advisors to expand the war beyond Vietnam; instead, he hoped to keep Cambodia neutral. Although an imperfect figure, Prince Norodom Sihanouk was able to maintain the neutrality of his country.

Because of Cambodia's military weakness, Sihanouk (Shawcross continues) had no choice but to permit the North Vietnamese communists to use the eastern part of his country to transport troops and supplies into South Vietnam. In March 1969, Nixon ordered the secret bombing of Cambodia. Shawcross indicates that there is no evidence to prove that the United States plotted the overthrow of Sihanouk in 1970, but he asserts that its policies contributed to that goal and it was not unhappy to see him go. By invading Cambodia in 1970, the United States expanded the war beyond necessity. The effect of the invasion, the continued bombing, and the aid program to the Lon Nol government was to bring disaster to the Cambodian people. The Khmer Rouge, which was a small force in 1969, grew in strength as a response to American action. The migration to the cities, food shortages, and the destruction of the Khmer people and territory were the outgrowth of the policies of Nixon and Kissinger.

For Shawcross Cambodia was the foreign policy side of Watergate. It was because of news leaks about the secret bombing that wiretaps were placed on government officials and private citizens. Nixon, with the assistance of his foreign policy adviser, was responsible, moreover, for undermining the Constitution by not informing Congress about the secret bombing and by circumventing legislation designed to end the bombing. The horrors which Pol Pot produced, Shawcross adds, are abominable, but it was Nixon and Kissinger who fashioned the policies bringing chaos to the country.

In gathering his information for the book, Shawcross relied on many American government documents under the Freedom of Information Act. In a recent television interview he particularly commended the Department of Defense for its cooperation in releasing documentation. There being no Freedom of Information Act in Vietnam, however, the documentation must of necessity be partial.

The book is a distorted version of reality. It fails to put the blame where it belongs – on the Vietnamese communists and the Khmer Rouge. It was the North Vietnamese who violated the neutrality of Cambodia by

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using it as a base and conduit for its troops and materiel long before American bombing or troops were involved. Kissinger and Nixon were not egomaniacs and madmen when they tried to protect lives by acting in a country whose neutrality had already been violated by North Vietnam.

Shawcross's argument that Cambodia could have remained neutral must be questioned in the light of the long history of Vietnamese hostility towards the Khmer people and the recent Vietnam war against Cambodia. It is doubtful, then, that Cambodian neutrality could have lasted once South Vietnam fell to the communists.

Certainly Nixon and Kissinger deserve criticism for some acts of omission and commission, but Shawcross's tirades are unwarranted. Shawcross's criticisms of Nixon for violations of executive power in the conduct of foreign policy, criticisms made without evaluating the needs of secrecy and the political realities of the time, reveal a bias against Nixon. Presidents for at least three decades before Nixon treated Congress guardedly when national security matters required. Had Shawcross considered Franklin Roosevelt's use of executive power without congressional consultation in the period before American involvement in World War II, for example, he might have had to admit that Nixon's exercise of power in foreign affairs was not unprecendented. Shawcross, however, is too eager to condemn Nixon; hence, the failure to examine the precedents of presidential excesses of power.

Antiwar critics must come to terms with the harsh realities of Indochina since the departure of American forces: In Vietnam, the drama of the "boat people" who risked peril in the South China Sea to escape persecution and the "re-education camps" which are the totalitarian regime's method of dealing with its foes – some of whom were once opponents of Thieu. In Laos, more totalitarian persecution. And in Cambodia, the holocaust – the destruction of millions of Khmer people first by the Pol Pot regime and later by its successor.

Totalitarianism has come to Indochina, brought on by ruthless communist dictators. However corrupt and repressive were the previous noncommunist regimes in Indochina, they were not totalitarian nor did they commit genocide. It is these communist dictators who should not escape the responsibility for the destruction of life and liberty, rather than Nixon, Kissinger, and others who tried to prevent it. To argue otherwise is to accept the irresponsible notion that the United States is guilty for whatever evils the world experiences.

Herbert M. Levine

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God's Work on Earth

AMSTERDAM TO NAIROBI: THE WORLD COUNCIL OF CHURCHES AND THE THIRD WORLD. *By Ernest W. Lefever.* (Georgetown University Ethics and Public Policy Center, Washington, D.C., 1979).
CATHOLICISM AND MODERNITY. *By James Hitchcock.* (The Seabury Press, New York, 1979).
JEWS AND THE LEFT. *By Arthur Liebman.* (John Wiley, New York, 1979).

Here are three first-rate books about religion and politics. One is about Protestants, one about Catholics and one about Jews. Professor Lefever writes about the origin, basis and geopolitical role of the World Council of Churches. Professor Hitchcock discusses the internal cultural politics of the Roman Catholic Church in the United States. Professor Liebman discusses the political stance of Jewry and, in so doing, ponders a sociology of the American Jewish community.

Two out of the three books promise to be about matters of politically shattering importance. If the principal organ of ecumenical Protestantism is in collusion with a Marxist ideology, then Christianity could be slowly dissolved in secular eschatological fervor. If Catholicism becomes infected by bureaucracy, with all its shifts and adjustments and its cultural management, then the second could collapse in tainted organized humanism. As for Professor Liebman's book, the importance of the Jewish contribution to politics hardly requires emphasis.

Over and again, the higher hope and generous impulse defeats and corrupts the practice of a decent, limited political strategy trying to work within the cramps and resistances which circumscribe human action. The left-liberal tendencies here analyzed, whether with tenderness or with hostility, are often sympathetic, seemingly aligned with the party of humanity, but full of potential for dehumanization. Worse still, they arouse such tender and intense hopes that merely to question them is to arouse a fury of disappointment and betrayal.

Professor Hitchcock's book illustrates the liberal paradox. A liberal is full of tolerance except when challenged by traditionalists. He is concerned to weigh the evidence, but always gives progressive – seeming movements the benefit of the doubt. He hates stereotyping and labelling, but lumps his critics into simple categories and characterizes their opinions as so much historical backlash. He believes in people, but knows that the direction of history is inexorably in his direction. So it would be wisest to capitulate to the dictates of progress, which he embodies. Lash back how people will, they have no chance against the broad continental drift. They must and will turn helplessly with the big hand of the clock of history.

These then are studies, not only in religious faith, but of faith redirected to politics. In one way or other they show how religious values

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can be converted into political correlatives or cultural mutants which demand transferred communalism. The holy nation dedicated to God, under judgment, seeks for a sacred communalism. Protestant interiority mutates into the supremacy of the imperial self, rejoicing in spontaneous self-expression. And this same self-destructive spontaneity, filled with nostalgia for communal "celebration," eats away at the Catholic sense of otherness expressed in demanding disciplines. And none of this may be questioned. The virtuosi of questioning are not themselves to be treated with skepticism and doubt. (Here, of course, I grossly stereotype the stereotypes. *Mea maxima culpa*).

So much in general. It is perhaps best to look first at Hitchcock on the cultural politics of Catholicism, since he brings out very well the tendencies first advertised above. Perhaps I may reinforce his analysis by recounting an instance with a theologian whom I personally find intelligent and agreeable. The theologian concerned inquired to what extent theology should be adjusted following developments in Northern Ireland. Given that more people are killed in the average American city than in Belfast, it is a very odd question, but it would not be a jot more plausible if he had substituted Hiroshima and Nagasaki for Belfast. Man's inhumanity to man, the corruptions of power, the need for atonement, the seeds of destruction in the Tree of Knowledge, are all elements of Christian belief daily worked out on the front page of every newspaper with wearisome, damnable iteration.

What characterizes this example is a vapid malleability, and a lack of historical depth and seriousness. One of the leitmotifs undergirding Hitchcock's account of Catholicism is the shuffling of history and of the idea of cumulation. To this must be added so weak a sense of daemonic evil and radical corruption that when horror reveals itself, the shock cannot be assimilated. Shock has to be passed on by way of some localized source of blame which appropriate and proximate changes can eliminate. Thus the simultaneous elimination of historical cumulation and of any sense of the endemic character of evil create a culture first naively hopeful and then effused with moral scolding or self-flagellation. The next step is a 'system solution' based on socialized behavior.

All these attitudes Catholicism in America has gradually absorbed from its Protestant environment. Hitchcock describes the situation thus: "despite their intensely moralist rhetoric, many Catholics now have no properly moral approach to social problems, merely a sociological approach dressed up in moralistic clothes" (p. 157). They jettison the role of tradition and authority, of law and interdict, of compassion controlled by realism, and adopt a Marxist sociological behaviorism tricked out "by the empty cliches of the human potential movement." Every social evil is responded to by hortatory castigations to make the middle classes feel guilty, "educational" programs in the schools and the media, the establishment of new bureaucracies and the appropriation of large sums of money.

The proliferation of bureaucratic modes itself eats at the interior life of the Catholic Church. Hitchcock analyzes how it does so with the bitter elan of one who knows his enemy by long experience. He also explores the empty propaganda which hides the bureaucratic initiative behind an

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invocation of 'the people of God.' Officials in these church bureaucracies are maximally susceptible to received opinion without having the equipment to subject them to radical criticism. This is most evident in the spheres of liturgy and religious education. The first task of professional liturgists and professional catechists was to destroy the credibility of the traditional ways so as to make room for their own programs (p. 99). Such people hear 'news' because, if they have no such messages, what are they there for? In so doing, they are quite happy to deploy the authority of the Second Vatican Council while simultaneously denying its substance and its spirit. The "People of God" are listened to only in order to tell them what to do. Those who object are denounced as divisive or uncharitable – conspicuous nonpersons. Bishops defer to those religious professionals, retaining a vestigial symbolic power easily convertible into the mandatory rhetoric of "creativity," "flexibility." Thus dullness promotes itself as creative, blight advances progress, and the strategic management techniques of oligopoly claim the title revolutionary. Reports, conventions, white papers, and guidelines are disguised as mission. Uniformity is promoted behind a front of pluralism. Experiments are instituted but never tested: "endless transitionality" is a good in itself.

Hitchcock continually underscores the fascinating phenomenon of the defection of the guardians. Until the Council, the Roman Church was remarkably successful in imparting to its professionals an education which might indeed be rarefied, but did not alienate them from their communal roots. Once the Conciliar directives were misconstructed in terms of discontinuity, however, the professionals linked up with certain social strata with whom they had spiritual kinship and commenced their own self-alienation. The seminary and the convent became places for weakening the faith, cutting young people off from sources and personal origins. Above all the new styles are a product of the capitalist and technological perspectives they claim to criticize. By the same token "the new random-directedness" claims emancipation from Divine laws only to accept prevailing values in the name of conscience. "Myth, symbol and tradition are constantly assaulted . . . and group dynamics is finally an experiment in living without governing symbols." (Imagine the scene as Anglican bishops at St. George's, Windsor, engage in group dynamics under the prods of a professional "facilitator." The gorge rises at it.)

All this could be paralleled by the way working class education and advancement were progressively undermined by upper-middle class educational bureaucrats, all in the name of roundedness and creativity. It could be paralleled by the way the formal democratic machinery was utilized to mask the flow of bureaucratic power in destroying the liturgy of the Church of England. Blandness and vacuity are triumphing over the supreme examples of English faith and language. Alas, whether one is a Roman Catholic or not (and I am not), the accuracy with which Professor Hitchcock nails the basic processes is utterly indisputable.

The World Council of Churches as discussed by Ernest Lefever is a special instance of the two principaal phenomena discussed above: the impact of self-perpetuating bureaucratic elites and the special American talent for debilitating self-flagellation. In a sense the W.C.C. is not all

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that important except as a fascinating instance of a familiar virus, a "relatively recent wrinkle on an old phenomenon": the suspension of Western critical faculties confronted by Marxist criticism.

The concept of "liberation" is the key received notion in W.C.C. ideology. Ernest Lefever begins his chapter on the "Triumph of Liberation Theology: 1969-1979" with a quotation from Edward Norman, who roused a storm in England by questioning the consensus established in ecumenical politics. "Modern Christian leaders are all tolerant when it comes to departures from traditional religious doctrine. But they are ferocious when it comes to departures from the canons of liberalism." In other words, having once semi-endorsed the attitudes of the old elite, in which they were partially embedded, they have now embraced the new elite with which their bureaucratic organs partially overlap.

Lefever gives a useful recount of the grants emanating from the Program to Combat Racism, more especially the assistance afforded the Patriotic Front. This was the explosive instance that startled even those strongly committed against racism, including many pacifists for whom violent means must corrupt ideal ends. But whatever may be said about the PCR, Lefever contends that the underlying approach tends to designate poverty, racism, violations of human rights and militarism as the result of "unjust systems foisted upon humanity by the white-dominated consumer societies of the Northern Hemisphere."

Lefever is making two points. First, while Christians have a plain duty to speak out on issues of poverty and racism, the selective moralism which directs criticism almost entirely against the West is offensive and dishonest. Indeed when backed up by self-flagellation vis-a-vis other cultures, it is pathetic. Second, it is difficult to see how organizations like the W.C.C. can possibly act as "representatives" of anything or anybody, especially given the tendency to ideological homogeneity. Lefever touches the core of his argument when he says "the soft utopians have no solution and the 'solution' of the hard utopians is likely to be harsher than the antecedent situation." (p. 60)

It remains only to note Professor Liebman's book as a very useful and scholarly analysis of the political roles taken up by Jews. He argues that it is too early to root Jewish radicalism directly in Jewish beliefs. There is in any case a conspicuous and long tradition of Jewish conservatism, and this has been associated with the active practice of Jewish religion. More than that, in recent years Jews (and more especially Zionists) have come in increasing tension with the left. In America this is partly because the radical Yiddish subculture in New York has been weakened and Jews assimilated into the upper reaches of American society. However, in Liebman's view this assimilation has not reached the point where Jews are represented at the very top of American society, more especially the corporate elite. He prophesizes that "maturing monopoly capitalism will force Jews from their small and medium-sized businesses," and operate squeezes against the professional strata. Once downward mobile, they will then rediscover the old tradition and lead America to socialism. In short, Liebman anticipates a revival of the old spirals of antagonism between Jews and non-Jews. Whatever the merits of his analysis, let us

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hope this particular anticipation is just plain wrong.

All three books should be read and pondered. I doubt if I agree politically with Professor Lefever or religiously with Professor Hitchcock, and I certainly hope that Professor Liebman's prediction is worse than than his analysis, but all those writers trace important processes in the interaction of politics and religion with vigor, insight and conviction.

David Martin

Inventing Ignorance

INVENTING AMERICA: JEFFERSON'S DECLARATION OF INDEPENDENCE. *By Garry Wills*. (New York, Doubleday, 1978.)

His book *Inventing America: Jefferson's Declaration of Independence*[1] is the proximate cause of Garry Wills, having been starred on public television and anointed by *Time* as an American leader. It has been received with almost unbroken critical acclaim, some of it from eminent academics. Its paperback publication marks its current success and portends its future influence. College students all over the country will no doubt have it assigned in history and political science courses – which means, in the normal course of things, that fifteen years from now college freshmen will already accept its scholarship and be imbued with its spirit. Since its scholarship is despicable and its spirit is dangerous to the Republic, love of truth and love of liberty concur in the design to avert that outcome. The refutation of its major points should suffice, and is not hard to accomplish.

The book is about the Declaration of Independence, and *against* what Americans have come to understand the Declaration to mean and the place the Declaration has come to have in American political life. For example, Abraham Lincoln, whom Wills finds especially culpable, traced the nation's origin to the Declaration, found the nation to be constituted by its commitment to the principles of the Declaration, and saw a special destiny and exalted mission imposed on the nation by the Declaration. This is myth-making, and has pernicious consequences, according to Wills. Our "messianic sense" leads us to foreign policy crusading: for instance, it makes us "willing to throw Communist devils out of Russia, China, Cuba or Vietnam" (xx). Our adoption of a national doctrine or creed leads to hostility to deviant political ideas. For instance, it makes "the

1. Garry Wills, *Inventing America: Jefferson's Declaration of Independence* (Doubleday, 1978). Parenthetical references are to this.

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House Un-American Activities Committee . . . inoffensive" to us (xxii). It seems that Wills feels most keenly the sinister influence of the Declaration when that influence is anti-Communist.

Wills appears to think it his duty to liberate America from the Declaration of Independence. One of his strategies is to do a vigorous debunking job on the document. The American nation, he insists, was not brought forth fourscore and seven years before the Gettysburg Address: "Not one country but thirteen separate ones, came into existence when the Declaration was . . . made unanimous." For evidence he cites the instructions from the state assemblies to their delegates to Congress; but all they show is that the states wanted to retain control of their internal affairs (xvi; 331 ff.). The powers of external sovereignty – to "levy war, conclude peace, contract alliances, establish commerce and to do all other acts and things which independent states may of right do," as the Declaration puts it – were not claimed by the state instructions, and they were exercised by the Congress of the United States.

In any event, Wills can hardly deny that the independence of something or other was declared in July of 1776. But he does not shrink from pointing out that the actual affirmation of the total break with Great Britain took place, not on the Glorious Fourth, but on the humble second (336 f.), and moreover, he claims, it was thought to be of merely secondary or instrumental importance. Congress wanted to win the war; to win it, foreign aid was needed; to get aid they had to proclaim independence. The Declaration of Independence was "a propaganda adjunct" to an act that was itself "only a means to an end" (333; 325). Why Congress wanted to win the war Wills does not explain. The facts are that Congress was divided between the proponents of immediate independence and those who would delay what they admitted to be inevitable; and that the former argued that the course of events had brought America to the alternatives of submission or frankly striking for independence. Wills supports his absurd interpretation with some misleading out-of-context quotations from the correspondence of two members of Congress,[2] and by reading state instructions to delegates that present alliance as a first consequence of independence as though they presented alliance as its final cause (327 ff.). All this to blot out the testimony to the solemn thrill the members of Congress felt at having decided this momentous question – "the most important," one of them wrote, "that was ever agitated in America."[3]

Garry Wills may believe that Americans were mistaken to think that declaring independence was important enough to celebrate. He certainly believes they were mistaken to celebrate it on the Fourth of July. They soon did; but even then, he claims, they did not at first make much of the actual document adopted on that date (323 ff.). In time it became a "national symbol," and there arose a "cult of individual Signers." However, according to Wills, the "signing itself had no great significance." The "we" who "mutually pledge to each other our lives, our fortunes and

2. Burnett, *The Continental Congress*, pp. 170 ff.
3. Samuel Adams; quoted by Burnett.

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our sacred honour" are not who the Declaration unequivocally says they are: "We . . . the representatives" of the states; they are, Wills says, the states themselves (339 f.). For Garry Wills no cavil is too captious and no blunder too blatant when he is bent on undermining attachment to the Declaration of Independence.

"By the end of their long lives," Wills admits, "Jefferson and Adams agreed on the Declaration's importance" (350). But he tempts us to attribute this to the weakness or vanity of old age, at least so far as Jefferson is concerned. For the "whole way of thinking" that "mythologized" and "dogmatized" the Declaration was "alien to Thomas Jefferson," says Garry Wills (xxii ff.). What he reports of Jefferson's suggestion to Trumbull that he paint his decidedly mythical picture of the Signing might lead a reader to doubt it (346). But no! Jefferson, who wrote the words "*All* men are created equal," is said to be "opposed to generalizations" (xxii). He who in his First Inaugural Address described the "principles of our government" as "the creed of our political faith" is said to be against political orthodoxy. He who in the same place sought to elicit devotion to those principles by evoking "the wisdom of our sages and the blood of our heroes" is said to "never encourage people to yearn back . . . ." The truth is that early and late that wise statesman mythologized and dogmatized the Declaration of Independence, with the hope that its absolute and universal principles would ultimately prevail everywhere.[4]

Evidence of the "lack of initial attention to the document" is, Wills submits, the fact that the early state constitutions "did not imitate the Declaration . . ." (324). If one overlooks the New York Constitution of 1777, which incorporated the Declaration of Independence in its entirety, the fact may be correct. But almost all of the early constitutions, without mimicry, affirm the same principles as the Declaration, thus confirming what Jefferson claimed: that the Declaration was "an expression of the American mind." In Wills's opinion, however, "When Jefferson said he articulated an American mind in the Declaration, he was probably referring to" the list of grievances, not the statement of principles (64). When Jefferson went on to say that he had given voice to "the harmonizing sentiments of the day . . . expressed in the elementary books of public right," does Wills think that Jefferson found those particular grievances – the Stamp Act, abrogation of trial by jury, stirring up the Indians and the like – in "Aristotle, Cicero, Locke, Sidney, etc."?[5]

Wills's aim requires that he do what he can to depreciate the significance of the statement of universal principles that he calls the "preamble" to the Declaration. So he points out that it is short: "The list of putative wrongs took up the bulk of Jefferson's document . . . ." But even Garry Wills cannot overlook the logically major character of the quantitatively minor enunciation of the principles that make it possible to call actions

4. E. G., letter to Mease, 26 September 1825; to Weightman, 24 June 1826.

5. Letter to Henry Lee, 8 May 1825.

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"wrongs": "the preamble . . . states the 'self-evident' norms against which the justice of the various grievances must be tested . . . ." All he can do is to obscure the point with deceptive verbal packaging: "*After all*," he writes, "the preamble *merely* states the 'self-evident' norms . . ." (66; emphasis supplied). And anyway, he tells us, it's old stuff: "As it stands, the official document is a restatement of whig theory, vindicated in the 1688 Revolution." (89). The "whig theory" that Wills has in mind is a thoroughly parochial matter of English constitutional law: that when standing liberties derived from the Constitution or written charters are denied, then the last resort is resistance, in order to set things right. There is nothing in it of the rights of man as man, nor of the right of the people to do away with the Constitution (38 f.; 55; 64; 59). But that kind of "whig theory justifying the Glorious Revolution" could not be used to justify the American Revolution. By "whig theory," of course, one might rather mean the philosophical teaching concerning "the true original, extent and end of civil government" that was thought by its author to "establish the throne of . . . King William" and to "justify to the world, the people of England" in placing him on it. That is, "whig theory" might mean John Locke's theory.[6] But one of Wills's major theses is that Locke is not a source of the Declaration of Independence.

We are now brought to Wills's alternative line of attack on the Declaration. He could not have found many readers who could have been made to forget entirely that the document contains some purportedly universal propositions about the nature and purpose of political society that might serve not only to justify a revolution but to give guidance to governing. So now we learn that the "preamble" was not meant to be a mere restatement of the constitutional theory of English Whiggery; that Jefferson, not "opposed to generalizations" after all, enunciated a philosophical political teaching in the Declaration; and that he was deeply concerned to keep his Declaration and its doctrine alive (ch. 23). But that Declaration's doctrine is not what it is usually taken to be. It is not "Lockean"; it derives from the "moral sense" school of Scottish philosophers, above all Francis Hutcheson. More to the point, it rejects "individualism" and espouses "communitarian values and morality" (169). So Wills has got us coming and going – unless we happen to notice that Wills coming runs into Wills going.

The subtitle of Wills's book is meant to indicate that there are two Declarations of Independence. There is the original Declaration drafted by Jefferson, which is communitarian; and there is the official Declaration adopted by Congress, which is individualistic. This was Jefferson's secret until Garry Wills found it out. The tell-tale traces of it that Wills discovers in Jefferson's deeds and words are few and implausible. He makes much of Jefferson's care to preserve his draft, which by itself proves nothing. He also regards the inclusion of the authorship of the Declaration of Independence among the three achievements by which Jefferson wished

6. Locke's *Preface to Two Treatises of Civil Government.*

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"most to be remembered" and therefore to be put on his tombstone as a reference to the private or esoteric Declaration – which those who passed by could not have known and hence could not have remembered. But Wills promises that his thesis will be made convincing "when we read Jefferson's own text in its integrity" (90). This leads us to expect a close reading of Jefferson's draft, patiently following its argument from beginning to end. We find no such thing. Instead we find disconnected treatments of fragmentary words and phrases, interpreted with the aid of irrelevant erudition. Amidst the fireworks our attention is distracted from Jefferson's Declaration itself, whose features we glimpse only intermittently, bathed in a lurid communitarian light. Thus, although Jefferson's Declaration teaches that government is set up by equal individuals to secure the individual rights of each, Wills's version of Jefferson's Declaration "never envisioned the assertion" of the right "to form . . . governments" "by *individuals*, outside a context of mutual affection and benevolence" (306).

Wills's willful way with words is an important part of his apparatus of interpretation. For example, he discovers that the right to property could not have been among the "inalienable rights" of which a partial list is given in the Declaration, because Jefferson was always in favor of property being "alienable" (Ch. 16). That is, he was in favor of allowing property owners to dispose of their property freely, which is, as Jefferson put it, "no deprivation of natural right, but rather an enlargement of it . . . ."[7] An "unalienable right to alienate one's property" Wills finds "paradoxical"; and not stopping to figure out the "paradox" he employs it in what might be called a proof from word-play.

The first of the "self-evident truths" of the Declaration, that "all men are created equal," is a source of great perplexity to Garry Wills. He correctly thinks that Jefferson meant this "literally." He does not take "literal" to be opposed to "figurative." He seems to think that "a literal equality of men" must mean possession of equal quantities of some thing. He knows that Jefferson thought that men were naturally unequal in their quantities of certain abilities – mental power, for instance. He knows that Jefferson expressed the opinion that the Negro race was inferior to the white in "intelligence, beauty, most skills except music." What then, Wills wonders, can natural equality possibly mean (Ch. 14)? Thomas Paine is quoted in the epigraph to one chapter: "all men are of one degree, and consequently . . . all men are born equal" (207); but that sounds too much like Locke. Hutcheson is quoted towards the end of the next chapter: "In this respect all men are originally equal, that these natural rights equally belong to all" (228); but that's too much like Lincoln. Wills's answer: all men have the same quantity of moral sense (211; 218). All possess certain faculties – reason, aesthetic sense, moral sense, etc.; but the moral sense is that of which they have the exercise to an equal degree. Thus Jefferson can affirm the natural equality of blacks, because

7. Jefferson's *Autobiography*, in Koch and Peden, *Life and Selected Writings of Jefferson* (Modern Library), p. 39.

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he does not regard them as deficient in the "endowments of the heart" (225 ff.)

Wills has given an incorrect answer to an unnecessary question. Propositions concerning the degrees of capacity of human beings are, as Jefferson says, "general conclusions" based on "observation"[8] – which means that they are not "self-evident truths." And in any case, Jefferson thought that there were natural inequalities of "virtue" as of "talents" among men.[9] They are not pertinent, however, to the indeed literal equality the Declaration speaks of. What Jefferson wrote of blacks he thought true of all men: that "whatever be their degree of talent it is no measure of their rights. Because Sir Isaac Newton was superior to others in understanding, he was not therefore lord of the person or property of others."[10] We see that it is rights that Jefferson finds all men equal in, and that the rights he has in mind are Lockean.

The thesis of the two Declarations compels Wills to try to show that the changes made by Congress in Jefferson's draft went to fundamentals, and since those made in the "preamble" are almost trivial, that the alterations later in the document disguised the originally communitarian character of Jefferson's "self-evident truths." He belittles the well-known congressional excision of the passage on the slave trade: Jefferson was not attacking "the institution of slavery itself," he says, only "first enslavement." Now Jefferson's draft attacked "first enslavement" as a violation of the most sacred rights of life and liberty, and one would have thought the condemnation of the institution clear enough. But "sacred rights of life and liberty" smacks of individualism. So Wills assures us that Jefferson's real target is a policy that would bring down the price of slaves and hence reduce the profits of slave-breeders (74). Since Jefferson's draft denounces "a market where MEN should be bought and sold" as an "execrable commerce," Wills must think its author a base hypocrite – but at least not an individualist.

The truly revealing congressional revisions, according to Wills, eliminated a summary of or allusion to Jefferson's own theory of the relation of the American colonies to Britain and at least most of what Jefferson described as "passages which conveyed censures on the people of England" (Ch. 3; Ch. 6). Jefferson's explanation for the latter change ("The pusillanimous idea that we had friends in England worth keeping terms with, still haunted the minds of many"[11]) is not heeded by Wills. In his view the two excised sections together set forth the idea that political society is based not on contract but on emotion. Jefferson had argued that the American colonies had been established by those who "possessed a right, which nature has given to all men, of departing from the country in which chance, not choice, has placed them, of going in quest of new habitations, and there establishing new societies, under such laws and regulations as,

8. *Notes on Virginia*, in Koch and Peden, pp. 261 f.
9. Letter to Adams, 28 October 1813.
10. Letter to Gregoire, 25 February 1809.
11. *Autobiography*, in Koch and Peden, p. 21.

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to them, shall seem most likely to promote public happiness." ("For themselves they fought, for themselves they conquered, and for themselves alone they have right to hold.") After this "the emigrants thought proper to adopt that system of laws, under which they had hitherto lived in the mother country, and to continue their union with her, by submitting themselves to the same common sovereign . . ."[12]. Now all this sounds very individualistic and Lockean. Wills hopes to disguise the fact by seizing on a Jeffersonian ascription of a motive for the American decision to stay loyal to the crown: "to continue their connection with those friends whom they had left and loved . . . ." He also exploits scattered phrases from Jefferson's pen about "amity" and "friendship" between Americans and Englishmen. The documents in which they occur make the point that although "warmth of affection" induced Americans to acquiesce in some violations of their rights, the "bonds of amity with our fellow subjects" are endangered by further encroachments, and that "fraternal love and harmony" can only be restored by recognition of those rights.[13] For Wills's Jefferson, "The political bonds are those of benevolence, formalized by compact to continue an existing affection" (292). But to judge from the writings Wills points to, Jefferson's views were almost the contrary: Affection essentially depends on adherence to the terms of the compact securing the rights of the parties to it.

Another example of Wills transforming the sow's ear of individualism into the silk purse of communitarianism is found in his manipulation of Jefferson's more-than-Lockean doctrine that no law or constitution has legitimacy beyond the point in time when a majority of those living when it was adopted are still alive (Ch. 8). Hear Jefferson: "the rights of the whole society can be no more than the sum of the rights of the individuals," and "persons and property make the sum of the objects of government"; "between . . . generation and generation, there is no umpire but the law of nature," and according to that law, no "generation of men has the right to bind another," for "the dead have no rights"[14]. Wills copes with the embarassment of this doctrinaire radical individualism by classifying Jefferson's doctrine under another heading. It is an example of how Jefferson "careful observation of nature leads man from facts to a law . . . ." Since Jefferson used tables of mortality to calculate the point when laws become the will of a dead majority, Wills boldly puts the doctrine on an "arithmetical basis." He speaks of "the numerical path Jefferson trod to some of his most famous and revered statements," and "the mathematical argument that led Jefferson to such precise numerical conclusions" (124 ff.) – as though any amount of actuarial data would yield those conclusions without the essential premise of a political principle.

Wills's speculations on the intellectual influences that formed Jefferson's political thought are as baseless as his readings of Jefferson's utter-

12. *Summary View* . . ., in Koch and Peden, pp. 294 ff.
13. *Papers*, edited by Boyd, Vol. I, p. 135, p. 171, p. 199.
14. Letter to Madison, 6 September 1789; to Kercheval, 12 July 1818.

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ances of that thought are perverse. His interest is to minimize the impact of "Lockean orthodoxy" and to play up the Scottish thinkers. There is, he declares, "no demonstrable verbal echo of [Locke's *Second Treatise of Civil Government*] in all of Jefferson's vast body of writings." Whether they are echoes or not, anyone who compares the second and third sentences of the second paragraph of Jefferson's Declaration with sections 225 and 230 of the *Second Treatise* will find "precise verbal parallels" – none of which, Wills falsely says, "have been adduced." Perhaps he is here following what he imagines to be his subject's example: "There is no indication Jefferson read the *Second Treatise* carefully or with profit." Wills does say that Jefferson "clearly had read, and admired, and learned from" the *Essay Concerning Human Understanding* – in which the opposition between Locke and the moral sense philosophers is much more visible than it is in the *Second Treatise*. And he knows that Locke had a "vivid and traceable influence . . . on Jefferson . . . in the area of religious tolerance," through his study of the *Letter Concerning Toleration* – of which the core is "Lockean orthodoxy." Ignorantly, Wills is prepared to suppose, Jefferson did commend the *Second Treatise*. Wills quotes him: "Locke's little book on government is perfect as far as it goes" (171 ff.). The qualifying phrases Wills takes to be deprecatory; but Jefferson is saying that Locke is "perfect" on "theory," from which we "descend . . . to practice." Locke's "little book" goes as far as the principles of government, and the Declaration's teaching goes no farther.

Wills can cite no praise so high for any of the Scottish thinkers. He supposes, nevertheless, that the decisive formative influence on Thomas Jefferson was exerted by that host of mutually contending thinkers – Francis Hutcheson, David Hume, Thomas Reid, Adam Smith, and others. Wills is not accurate in representing their thought. Of roughly twenty significant assertions concerning Hume's philosophy (not counting reiterations) about half are virtually unexceptionable; among the five or six that are not are those dealing with very basic points. In his exposition of Reid, Wills displays once again his skill at verbal sleight-of-hand: For that philosopher's "common sense of mankind" made up of "original and natural judgements . . . which nature hath given to the human understanding,"[15] he quickly substitutes "*communal* sense," which is "the shared wisdom of the community," and presents it to his audience as "Reid's communitarian morality." He quotes from Reid, but he quotes nothing to support his interpretation, nor could he (187 ff.). Perhaps Wills's nerviest trick of this kind is to describe Adam Smith as a "good communitarian" because he stresses the division of labor (232) – which is for Smith the result of "a regard to [one's] own interest."[16]

No vast learning is needed to perceive the laxity of Wills's scholarship. When he places quotations from Hutcheson alongside passages from the Declaration, and concludes that "Jefferson drew his ideas and words from [Scottish thinkers] who stood at a conscious and deliberate distance from

15. Reid, *An Enquiry into the Human Mind*, edited by Duggan, p. 268.
16. *Wealth of Nations*, I. I. 12.

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Locke's political principles" (238 f.), an undergraduate's acquaintance with the *Second Treatise* is enough to bring to mind closer parallels between Locke and the Declaration, and to see how little distant from Locke's political principles Hutcheson is. Deeper study would show that Hutcheson's political teaching is well within the boundaries of "individualism."[17]

Blinded by zeal for his ideology or practicing propaganda on its behalf, Garry Wills perverts scholarship to produce a perverse interpretation of the foundations of the American political order. Exactly what ideology grips him and exactly what form the perversion takes may not, however, be altogether clear from this book. "Communitarism" opposed to "individualism" is rather vague. But perhaps Wills does not need to be more precise or concrete. His readers catch the drift, towards group entitlement to rights, for one thing (306), against private enterprise, for another (366). And surely if Wills had tried to be more precise or concrete the gulf between whatever "communitarianism" there is in the moral-sense school of thought and the kind that Wills is pushing would have become inescapably apparent. For Wills depicts a conflict between a Lockean "public philosophy" and an anti-Lockean "private morality" (169) unsuspected by those who adhered to the latter – Scots such as Hutcheson and Adam Smith and Americans such as Thomas Jefferson in his private writings and virtually every nineteenth-century college president lecturing on moral philosophy. Indeed, they might have argued that a Lockean "public philosophy" was in need of an anti-Lockean "private morality." Locke may be said to maintain "the selfish system of morals:"[18] Self-love is the foundation of every passion, even apparent altruism, and virtue is to be practiced as a matter of self-interest merely. Now how can a political order devoted to securing individual rights and relying for its operation on individuals sticking up for and fully exploiting their rights preserve itself on that basis? Why should an individual not cheat on his taxes when he can get away with it? How can an individual be called upon to risk his life in defense of the political order? Questions like those would prompt the attempt to erect a Lockean politics on the basis of an *un*selfish system of morals; Locke's political writings would not discourage such an attempt. In the *Second Treatise*, for example, Locke takes care not to obtrude "the selfish system of morals" and it is not at all conspicuous.

If by the "individualism" he rejects Wills means the spirit of unrestrained pursuit of self-interest there is little reason to suppose that Americans have imbibed it from the Declaration of Independence. For that document begins by evincing "a decent respect to the opinions of mankind" and concludes with the pledge by its signers of their "lives, fortunes and sacred honour" in the cause of liberty. (Wills's preposterous reading of the final passage has already been noted.) The Declaration does not teach

17. See Hutcheson *A System of Moral Philosophy* (1755), Vol. I, pp. 299 f., pp. 293 f., pp. 317 ff., pp. 319 ff.; Vol. II, pp. 212 ff., pp. 225 ff., pp. 270 f.

18. Hume, *Enquiry Concerning the Principles of Morals*, Appendix II.

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"the selfish system." Indeed, during the great slavery controversy the Declaration was a stumbling-block to the advocates of slavery, who were forced into "criticising the Declaration of Independence and insisting that there is no right principle of action but self-interest."[19] (Wills generally deplores the influence of the Declaration and makes no exception for its anti-slavery impact [xx].) The words just quoted are those of Lincoln, the most influential interpreter of the Declaration, who taught Americans to find in it the ultimate warrants for self-sacrifice. (Wills thinks the Gettysburg Address was a source of and fortification for American error [xxiv].)

Whether or not Garry Wills knows how Americans have understood the Declaration of Independence, he attempts to supplant it with a new understanding. Since the new understanding is false, the ineptitude of the attempt might have been a comfort; but the warm reception given it is all the more disquieting. Lincoln said that those who rejected the Declaration of Independence were at "open war with the very fundamental principles of civil liberty." Wills's warfare is covert, and that seems enough to permit the hostility to go unnoticed. The fact suggests negligence about or oblivion of the American political tradition on the part of those whose business it is if not to pass it on at least to know what it is.

R. S. Hill

19. Lincoln's Peoria Speech, 16 October 1854, in *Works* edited by Basler, Vol. II, p. 255.

A Crisis in Morale?

IN DEFENSE OF DECADENT EUROPE. *By Raymond Aron* (Regnery/Gateway, In., South Bend, Indiana, 1979).
THE CULTURE OF NARCISSICM. *By Christopher Lasch* (W. W. Norton & Company, Inc., New York, 1978).

The principles by which the Soviet economy has been managed have been apparent, as Raymond Aron notes, since the introduction of the first Five-Year Plan, in 1928. These principles include the rejection of most private ownership in the major sectors of agriculture, the crafts, and trade; the virtual wholesale subjection of the economy to authoritarian, centralized planning; and the use of the absolute power of the state to ensure the accumulation of capital for reinvestment. What these principles have produced is, or at least "should be," as Aron says, "common knowledge."

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The overcapitalization of the Soviet economy is, to begin with, striking; it is the result of a confusion between growth and investment and is of such an order today that hidden unemployment and overstaffing abound. Meanwhile, trade (which, as Aron points out, is least amenable to centralized planning because it depends on exchange between individuals) is so inefficient that the stories now are legion of how the Soviet people spend hours queueing up to buy almost every imaginable consumer good. Furthermore, managerial initiative and individual enterprise have been so stifled over the years that the Soviet Union still "lags behind" the rest of the world in many economic sectors; the "backwardness of the chemical industry," as Aron writes, was exposed under Khrushchev, and the "slowness in electronics" now under Brezhnev. It is no surprise that the Soviet Union prefers to buy not licenses but ready-made factories from the West; and it is no compliment to the Soviet economic system that, as Aron notes, the hotels required for the Moscow Olympics in 1980 will be built by "Western capital, technology, and manpower."

The Soviet man who waits in those long lines lives in a nation whose standard of living is among the lowest of all industrialized countries. Remarkably, the real income of urban and rural wage-earners in the Soviet Union did not surpass pre-1913 levels until the 1960s. Today the Soviet Union cannot really be compared with Western European nations in terms of standards of living; the *minimum* monthly pay of a Frenchman actually exceeds the *average* monthly pay of the Soviet worker And where comparisons more usefully might be made – with Eastern European countries – the Soviet Union ranks a dead last in standard of living. It is Aron's judgment that in terms of an economy's capacity "to answer the wishes of the population, organize the rational allocation of resources, and efficiently produce the goods necessary to the physical and moral well-being of individual people, the Soviet experience remains to this day the most spectacular failure in history."

This is an absolute point, and however one may judge it, certainly Aron is correct in his comparative point, that the West is superior economically to the Soviet Union. *In Defense of Decadent Europe* was published in France in February, 1977 – more than a year before the critical 1978 elections in which Aron glumly expected the triumph of the Socialist-Communist alliance – and Aron's purpose was to persuade primarily his own countrymen and secondarily the rest of Western Europe to reject the "totalitarian temptation," to reject a "salvation where they would find only slavery."

Aron's study of the failure of the Soviet economy is essential to his defense of Western Europe because the latter is often "unaware of its own superiority." But it is also a virtue of Aron's book that he undertakes a study of Marxism-Leninism, "the greatest mystification of the century."

Marx was, as Aron writes, "essentially – if not exclusively – a critical analyst of capitalism as he observed it in mid-nineteenth-century Britain and the prophet of a catastrophe which, after an interlude of dictatorship of the Proletariat, was to usher in an end to exploitation of man by man, and, therefore, socialism." Marx still has his uses as a critic of capitalism, but it is the prophetic side of his work – his "prophetism," as Aron calls it

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– that has fared so badly.

Marx's essential prophecy never came to pass; Aron coldly notes that Marx regularly expected the collapse of capitalism "with each new crisis of the cotton industry." The ideological history of Marxism since Marx, writes Aron, "is a multitude of confusing hypotheses that have had to be tacked onto Marx's prophetic writings in order to make them correspond with events which apparently contradicted those original prophesies." Engels, Kautsky, Lenin, Mao and the rest thus may be regarded as writing footnotes to Marx: footnotes each of which has been just another theory killed by facts. Capitalism has not been destroyed through its own internal contradictions; capitalist society has not been driven into overcapitalization, nor has the pauperization of the worker taken place (though, as Aron wickedly notes, both have in the Soviet Union!). Too, abolishing private ownership of the means of production has not "transfigured" any society, and certainly it has not "transformed" the human condition.

Most of those who claim to be Marxists today do make the obvious and necessary (and, one must hope, sincere) moves of rejecting Stalin and the gulag; distinguishing between the miserably performing Soviet economy and the prosperous socialist economy they maintain is still possible on this earth; and repudiating the Red Army and hoping for peace among nations. Yet what do today's Marxists have, really, to say? What is left of Marx? Aron points out that Marxists now typically do two things: condemn "the liberal or mixed economy as evil incarnate," and advocate "planning and collective ownership of the means of production as necessary stations along the way to the human values of the free and egalitarian society dreamed of by the founders of socialism." This condemnation and this advocacy trace to Marx, and the two attitudes comprise the nucleus of what Aron calls the Marxist Vulgate, which is "not so much a living system of thought as an amalgam of prejudices and off-the-peg ideas." That is about the size of Marxism today, and it is not much.

Nevertheless, Western Europe is tempted by its own intellectuals to travel a Marxist path, and it is for this reason a weak society. But it is weak for another reason, too. "Western Europe," writes Aron, "does not think it is capable of defending itself without assistance. In the face of Soviet divisions that have been stationed in the heart of Europe for more than 30 years, it entreats the United States to ensure the political balance and its security by the maintenance of an American army – the symbol of nuclear deterrence." This weakness Aron calls Western Europe's "decadence."

Aron's book raises questions about the fundamental nature of societies vulnerable to Marxist ideology and incapable of resisting the Soviet Union's military might. Aron believes Europeans should know the truth: should know that liberal, decadent Europe is superior to the backward Soviet Union, that Marxism is bankrupt. Knowing these truths, however, would not seem to be enough to correct the weaknesses of European society, if indeed they still can be corrected. For the modern, liberal societies of Europe seem to have deeper afflictions, afflictions that may be the source of what Aron calls "their decadence." And, as it happens, these afflictions are not limited to Europe but found as well in the United States.

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Aron does not long discuss them, but he does note "these two most striking features" of the attitude of individuals in the West towards society: "expecting everything from it and giving nothing to it." This contradiction, he says, "has become symbolized by the falling birthrate in France, Western Europe, and the United States." Today interests are short-term and selfish, and it is "the civilization of self-centered enjoyment" that "condemns itself to death when it loses interest in the future."

Christopher Lasch's *The Culture of Narcissism* may be regarded as a lengthy footnote to this part of Aron's book; a lengthy footnote about "the civilization of self-centered enjoyment" that is the United States. According to Lasch, whose book says nothing about foreign policy or foreign affairs, America is the "culture of competitive individualism," an individualism that, when carried to the extreme of its logic, winds up in a "narcissistic preoccupation with self." The narcissistic American is, Lasch writes, "the psychological man of our times," the "final product of bourgeois liberalism."

Lasch finds that today Americans have a "waning of the sense of historical time"; they yearn for therapies of self, not for genuine religious experience; they search for "self-fulfillment" and in the process devastate real personal life; they no longer commit themselves to others and causes larger than the individual self; they no longer have any belief in the external world, nor any in the validity of reason or ethics; they have given up the functions of parenthood, entrusting them to the government bureaucracies; they demand more and more of their "personal relationships," only to watch them crumble under the weight of the demands; they are uninterested, as couples, in raising children, more interested in "togetherness"; they are uninterested in the future, as indicated by their loathing of the ageing process; and they have allowed themselves to be treated by their bureaucracies not as individuals but as victims of social circumstances, people driven and tossed by social forces, people not morally responsible.

Much of this – considered simply as a phenomenonology of modern American culture – is accurate enough, but it is not new, since the themes of Lasch's book – the materialism, egoism, and permissivism of capitalist society – are not new. Notably Joseph Schumpeter and Daniel Bell have preceded Christopher Lasch (who refers, amazingly, not once to either Schumpeter or Bell), and yet people in high places have been refering to Lasch as though he discovered the wheel. The White House fastened on *The Culture of Narcissism* last summer during the Camp David retreat, and in President Carter's first post-Camp David speech, he said, as though his words had been supplied by Lasch himself: "In a nation that was proud of hard work, strong families, close-knit communities, and our faith in God, too many of us now tend to worship self-indulgence and consumption."

It is not worth disputing that the soul of man in the United States is not well, and the soul of his cultural cousin in Western Europe fairly may be said to suffer from many of the same maladies Lasch finds in America. What, therefore, to do? Especially what to do if Aron's "civilization of self-centered enjoyment" (Western Europe) is dependent on Lasch's "culture of narcissism" (the United States) for defense against the Soviet Union?

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Lasch would like to see the end of the culture of narcissism, but it requires close attention to his book to see that he would repeal narcissism by repealing capitalism, replacing it with a vague socialism. In one place Lasch approvingly quotes the Marquis de Sade: "All freedoms under capitalism come in the end to the same thing, the same universal obligation to enjoy and be enjoyed." Elsewhere Lasch speaks fleetingly of the "war-like conditions of society" and the antagonisms of "late capitalist society." In his chapter on the family he blames its decline on "changing modes of production." The point begins to come clear: Lasch locates all our cultural ailments – he locates the very rise of narcissistic man – in capitalism itself. And Lasch reveals his colors when he says, at book's end, that "the struggle against bureaucracy requires a struggle against capitalism." What the goal of this struggle should be is a "thoroughgoing transformation of our social arrangements." Lasch hopes that "citizens will take the solution of their problems into their own hands," creating their own "communities of competence." "Traditions of localism, self-help and community action that only need the vision of a new society, a decent society, to give them new vigor," writes Lasch, "will carry us through." Lasch talks of building "a new order." Lasch, once you mix his anti-capitalism with his "vision of a new society," comes out a socialist.

Aron criticizes as "decadent" just those intellectuals who launch into moralistic condemnations of societies worth defending. By that criterion Lasch is decadent; he is unable to see the value of a society that, if narcissistic (and in many ways it is), is still markedly better than the Soviet Union or any state Marxist ideology might create. Lasch writes from the socialist sensibility that regards economics as determinative of all else, that is colored by not a little political romanticism, and that searches for that messianic conclusion to human affairs, the "humanly authentic" community. "What socialism offers to many intellectuals," David Riesman has written, "is a vision of co-operation and compassion in our often anarchic, even solipsistically individualistic, segments of what goes by the name of capitalism." That is the vision Lasch has, though it is inarticulate in this book, and the appeal of the book lies in his extremely articulate analysis of those "anarchic, even solipsistically individualistic, segments."

One may reject Lasch's solution to our problems not only because it is vague, but also because capitalism is worth preserving. Capitalism can make sense so long as it is not liberty run riot; so long as it is, as Irving Kristol has pointed out, supported by an ethos that provides a sense of order. That ethos has come apart, as Lasch's book shows, but this fact does not mean the ethos is not worth recovering.

In order to maintain a reasonably capitalist economy, it is urgent that the United States *not* catch what Aron and others have called the "British disease" whereby the production of wealth is sacrificed to its redistribution. The British disease also is a contributing cause to decadence, both in Aron's sense of incapacity to defend one's country (because less money may be available for defense purposes) and in Lasch's sense of inability of individuals to fend for themselves, as they instead look to government. It is worth noting that the President, down from his summit at Camp David, made another push for his windfall profits tax, a tax that

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arguably would bring us closer to contracting the "British disease."

The preservation of a capitalist economy will not ensure, however, that the United States is strong enough to defend itself and Europe. Indeed the preservation of a capitalist economy – insofar as this requires relative freedom from government for the private economic sector – is not enough to preserve a capitalist *society*. Revival of the capitalist ethos is needed, too. And government is not competent to deal with this issue. It is not able to deal with a problem both Aron and Lasch are aware of – the Death of God, in its cultural sense; it is not able to deal with nihilism, not able to inculcate in the people the virtues needed for a capitalist economy to make sense and for a people to have the courage to defend themselves. The revival of the family, the church and other of what Tocqueville called intermediate institutions – those that stand between the individual and the state, those that historically have supported the capitalist society by declaring in favor of and reinforcing such minimal virtues as self-restraint and prudence and respect for others – is perhaps this nation's most pressing business. The ability of the United States to defend decadent Europe, as well as itself, very well may depend in large measure upon a decline of the culture of narcissism and a simultaneous renaissance of the capitalist ethos.

Terry Eastland

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Brief Reviews

David Butler and Austin Ranney (eds.)
Referendums: A Comparative Study of Practice and Theory (American Enterprise Institute, 1150 17th Street, N.W. Washington, D.C. 20036) 1978.

Those who flinch from saying such things as "croci" and "indices" will be rewarded by page 4 of this book, for then they will learn that henceforth they may deliver "referendums" with a superior tone – the *OED* is on their side. Those who are connoisseurs of direct democracy will be rewarded throughout and especially by the appendices, where one can feast on a complete compilation of all nationwide referendums, in all independent countries, plus an enticing list of initiatives in California. The eight contributors to this volume consider the history, theory, and prospects of both initiatives and referendums, with separate chapters on Switzerland, the United States, Australia, France, Scandinavia, Ireland, the United Kingdom, plus California. Up to September 1, 1978, there were about 500 nationwide referendums, 297 of them in Switzerland and 39 in Australia. The United States and the Netherlands are the only two democratic nations of long standing that have not held a nationwide referendum, although several of the American states are as devoted to issue-voting as Switzerland. Britain, where the idea of issue-voting clashes with the historic strength of Parliament, has used the referendum only once, in 1975, on the question of entering the European Economic Community. The authors note a "slow but unmistakable growth in the number of referendums since 1960."

The case in favor of issue-voting rests on the desirability of limiting special interests and of putting as little distance as possible between the electorate and public policy. Hence the decisions are supposedly more legitimate. But the reason for their increasing popularity today on issues of public policy (as property taxes in Proposition 13) may be frustration. Once elected, politicians can change their minds; votes don't. The case against issue-voting (initiatives and referendums) is that it can weaken representative government, it precludes the possibility of reasonable compromise (forty-nine percent of those who vote may passionately favor a proposition, and fifty-one percent may be mildly opposed), and it invites rule by the uninformed and confused. On the last point, for example, according to a postelection survey in California, twenty percent of the respondents voting in favor of an initiative to limit nuclear power did so to increase nuclear power. This, however, merely shows that they misread the question. On technical or complicated matters, many voters will have no understanding of the issues to begin with. To this, add the ambiguity of phrasing that comes with some propositions and the simple-minded sloganeering that goes with these exercises in direct democracy, and

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one must stand in awe at the permutations of confusion that must have been produced the day California set the record with forty-seven separate issues to be decided on a single ballot.

The principal use of nationwide referendums, however, has little to do with direct democracy. Votes on legislative-type matters are much less common than votes on constitutions, amendments to constitutions, territorial disputes, and the legitimacy of the national government. Voting on the legitimacy of the regime is particularly favored in nations where there is little else to vote on. The percentage of the electorate voting in favor of the regime in these countries often soars into the upper nineties, with Haiti twice setting the record, both times with an amazing 100.00%. Haitians were united on 1) giving Duvalier the presidency for life, and 2) giving the President for Life the power to choose his successor. In Australia, on the other hand, of thirty-six national referendums, twenty-eight went down under.

— R.B.

Stuart Butler

The American Telephone System: A Blueprint for Denationalization (AIMS, 40 Doughty Street, London WC1, England) 1979.

An American's first reaction to a British telephone may well be confusion . . . What are pips? This feeling proceeds to frustration while waiting several months for one's own phone to be installed, and then ripens into violent arguments with flatmates when the bill finally arrives, for telephone bills in Britain come in one lump sum and do not show itemized long distance phone calls. British economist Stuart Butler has lived both with American and British telephones and in this pamphlet challenges Britain to denationalize its telephone system along American lines.

On the mundane level of service and charges, Dr. Butler says he had to wait two months for his telephone to be installed in his London flat, but waited only twenty-four hours for the same procedure in his Washington apartment (although he does admit that it took two days when lived in a small town in Michigan). And "one can even call coast to coast in America at a peak rate cost of only [$1.10] for 3 minutes. The distance – about 3,000 miles – is equivalent to a call from London to Iran, for which the charge would be £3.15," or over five times as much.

The principal barrier to a privately run telephone system in Britain, Dr. Butler asserts, is the notion that some things are "natural monopolies" for the government, a concept that leads more to unnatural practices than to anything else. There is no reason, according to the author, that a telephone system can't run smoothly and efficiently liberated from government control. The American system of some 1,600 companies does operate with local monopolies and the Bell system long distance monopoly, but FCC rulings mean that 1) competition in the communication field will increase (the FCC ruled in favor of alternative long distance communication, such as microwave technology, that in addition to possible satellite communication) and 2) customers can now get around local service monopolies and thereby

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reduce charges (telephone companies may not prevent customers from connecting their own equipment to the company lines).

Meanwhile, a correspondent to *Private Eye*, the British journal of expose, wonders whether a two years' wait for an existing telephone in East Kent to be reconnected will set a new record.

–R.B.

S. H. Frankel

Two Philosophies of Money (St. Martin's Press, New York, N.Y.) 1978.

Prof. Frankel views two diametrically opposed monetary systems through the works of John Maynard Keynes and Georg Simmel. Keynes emphasized that a free monetary order may not be compatible with social goals that are made possible by economic developments of the wholly different cultural environment of the previous century and before. In the hands of individuals, money, Keynes said, would be "wasted." How much more efficient, he thought, to allow the state to organize the national income that was to be saved so that a longer view of the rate of return could be taken.

To Frankel, the foremost criticism of Keynesian monetary policy is its morality. Since it relies for its success on money illusion on the part of the actors on the economic stage, it destroys the permanence and predictability of the monetary system by permitting the government to abrogate its commitment to discharge debt. In Frankel's words, "The moral issue is whether it is defensible deliberately to use public deceit in monetary policy."

Simmel, by contrast, espoused the view that the whole existence of money and its associated forms of credit and debt depended on trust. An orderly monetary system was in a reciprocal relationship with an orderly and civilized society. In the nineteenth century, confidence in the continuation of the stability of money allowed monetary systems to become increasingly abstract. Simmel was concerned with the freedom of the individual and saw monetary ethics as an important determinant of the security of a free society. For this reason, he was apprehensive that the increasing abstraction of money could lead people to attribute to money powers which it did not possess. Like Menger, he saw the monetary order as something too important to become a tool of the state.

This book is not about monetary policy or the debate between Keynesians and monetarists, but "a far deeper issue: one which rests on that very powerful stream of thought and feeling which forms the sombre back-drop to such scintillating and academic debates." And as it goes behind economists, politicians, and the Federal Reserve to the irrational motivations for the views that we hear, it may have a crucial effect on one's thinking about modern monetary policy. With a richness of sources and an elegance of style, this volume is thought provoking and relevant to public policy. It may be the catalyst for more works on the philosophy of money.

– Andrew Chalk

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Orrin G. Hatch
"The Equal Rights Amendment Extension: A Critical Analysis"
Peter Michael Jung
"Validity of a State's Rescission of its Ratification of a Federal Constitutional Amendment," *Harvard Journal of Law And Public Policy* (Langdell Hall, Harvard Law School, Cambridge Mass., 02138) Summer 1979.

As the curtain was descending on the seven years' drama over whether to ratify the Equal Rights Amendment, Congress, in an unprecedented move, decided to raise the curtain for another three and a half years. ERA proponents proclaimed that the ERA had not received fair consideration. But what consideration of any kind could this euphonious little abstraction have been given by Hawaii, which ratified it one hour after Congress approved it, or by the thirty states that ratified it at various precipitate points in the first week, month, and year of the ratification period? Since then only five more states have ratified, and four have rescinded their ratification. These diminishing returns lead to *the* question of fair consideration: if states are to be given more time to ratify the ERA, should not the decisions of some states to reconsider what they obviously failed to consider adequately in the first place be honored?

In two excellent extensive articles, Sen. Hatch and Mr. Jung break that question into two related legal questions: May Congress extend the period for ratification? and May a state rescind its ratification of an amendment? For neither question is there any definitive answer in the Constitution, a judicial decision, or a political precedent. Whether Congress may extend the ratification period is mired in another question: whether the resolution that authorized the ratification period may be changed by a mere majority required to approve the amendment. From the Eighteenth to the Twenty-third Amendment (though not the Nineteenth) the language of the allowable period for ratification was implanted in the amendment itself. Then, so as not to clutter up the Constitution with ephemeral data, the language was placed outside the amendment in the resolution. Even if the resolution may technically be modified by a majority vote, Sen. Hatch asserts that it is reasonable for a state, when it considers the amendment, to regard the limit on the ratification period as a qualification on its ratification.

Regardless of the answer to this question, we are faced with the problem of states' rescinding their ratification during the first ratification period, with more possibly to come. After forty-four detailed pages, Mr. Jung concludes that on this point we are operating in an historical vacuum. Despite the absence of any guiding precedent, and mindful of Mr. Jung's contention that the period from Congressional approval to the ratification of the last of the thirty-eight required states, is one act, may we not find some solace in common sense? The question of extending the period for ratification should be guided by, and the question of rescinding ratification should be answered by, the same idea. As Hamilton stated, the Constitution should be amended whenever "the requisite number" of states "were united in the desire of

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a particular amendment." As Justice Van Devanter stated in *Dillon v. Gloss*, the ratifications of a particular amendment were required to be "sufficiently contemporaneous in that number of States (3/4) to reflect the will of the people in all sections at relatively the same period, which of course ratification scattered through a long series of years would not do." And if a state is not permitted to rescind its ratification before three quarters of the states are united, it is more than merely possible that a majority of the states could oppose an amendment when it is declared ratified. At the extreme, as Prof. Charles Black (a proponent of the ERA, cited in the Hatch article) tells us, an amendment to the Constitution could be declared ratified with only one state in "contemporaneous" agreement. Thirty-seven states ratify and later rescind. Then the happy thirty-eighth ratifies. Anyone could have concluded this, even the proponents of the ERA, who seem never to have heard of constitutional law, but it took a professor of law at Yale to make it official.

– R. B.

William Safire

Safire's Political Dictionary (Random House, New York, N.Y.) 1978.
William Safire's *Dictionary* is a valuable reference work for those times, for example, when one must rush somewhere to learn the psychological state of one afflicted with an "ediface complex," which is: "a monumental desire by a politician to leave behind great buildings" (said of Nelson Rockefeller). But a greater virtue of the book is that it provides an enjoyable place to turn for a leisurely browse. Under "Proverbs and Axioms, Political," one learns that of Thomas E. Dewey's second presidential campaign, the redoubtable Alice Roosevelt Longworth prophesied "You can't make a souffle rise twice." In a day when politicians try to lure us with such psychodrivel as "Trust me," "I care," "and "Bring us together," it is refreshing to learn that our forebears were a more spirited – and sincere – bunch: the Democrats' slogan in 1852 was "We Polked you in 1844, We shall Pierce you in 1852." And then we return to current unpleasantness. "Charisma," which once referred to the mysterious cultural powers of one such as Moses, now means no more than the "political sex appeal" of anyone who is caring and photogenic. "Community" once did mean something. But what is one to make of the "Teaching Community?" Why not the "Librarian Community" or the "Electricians' Community?" Why do we speak of the "Black Community" and the "Hispanic Community" and only *National Lampoon* seems to catch the joke and appeal to the pride of the "White Community?"

– R. B.

Otto J. Scott

The Secret Six – John Brown and the Abolitionist Movement (Times Books, New York, N.Y.) 1979.
Every American school boy and girl for over a century has been told that John Brown's attack on Harper's Ferry, West Virginia in December

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1859 was admirable and that the abolitionist movement was a noble cause, fighting the evil of slavery. However, this lucid historical investigation of profound contemporary significance demonstrates with extensive documentation that John Brown was anything but noble and that behind him was a powerful and influential group, many of whom were New England clergymen, who used religion as a revolutionary weapon and helped bring about the bloody U.S. Civil War. Scott writes: "Brown's beliefs were widespread in the ranks of radical abolitionists and bore very little resemblance to Christianity . . . They set themselves up . . . as expositors of the will of God, and according to the usual course of things, from being expositors, they proceeded to act as God's vice-regents, judges and executioners."

This led John Brown and his radical clerical supporters in New England prior to the U.S. Civil War to believe that white men could advocate murder of other white men by blacks in the name of ending slavery. Ironically, as Scott records, when Brown and his fanatical band attacked Harper's Ferry, their first victim was a Negro baggage master, shot down in cold blood as Brown and his sons had done years before in Kansas. All of this was approved, sanctioned and funded by the fanatical abolitionist band that backed Brown.

The use of religion as a cloak for evil ends and mass murder was grotesquely illustrated in the Jonestown mass murder by the "Rev." Jim Jones, who preached more revolutionary Marxism and little Christian religion. And those liberal-to-left politicians who supported and championed Jones have since run for the security of silence, in much the same way that "The Secret Six," as Scott records in his work, sought the security of silence. And just prior to the publication of Scott's work, the World Council of Churches met in Kingston, Jamaica, on January 2, 1979, and reaffirmed its intention to support with cash grants black Marxist terrorists operating against Rhodesia and South Africa – as a "humanitarian" effort to combat racism. As Scott writes of abolitionist fanatics, "they were, of course, fools. Their rejection of the accumulated wisdom of the human race led them to repeat ancient follies, and to inspire others down grisly paths toward goals they considered noble."

– Jeffrey St. John

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